

CHEMONICS INTERNATIONAL INC.

Electronic Document Submission Title Page

Contract No.:	527-C-00-04-00043-00
Contractor Name:	Chemonics International, Inc.
USAID Cognizant Technical Office:	USAID/Lima, Perú Av. La Encalada, cdra 17 Monterrico, Surco Central: 511-618-1200 Fax: 511-618-1350
Date of Product/Report:	April 2005
Document Title:	Proyecto de Desarrollo Alternativo (PDA) Quarterly Report (January – March 2005)
Author's Name:	David Valenzuela, Chief of Party PDA/Chemonics
Activity Title and Number:	Proyecto de Desarrollo Alternativo
Name and Version of Application Software Used to Create the File:	<i>MS Word 2002</i>
Format of Graphic and/or Image File:	<i>N/A</i>

Chapter 1: Context and Challenges

A. Introduction

Throughout the course of development of PDA activities, it is important to constantly analyze the context in which these are being carried out and face the challenges affecting security. The program takes action to: monitor security in PDA areas of intervention; prevent risk situations that could potentially affect regional activities; provide information on the political and social situation of the area in order to support PDA decision-making and offer ongoing preventive security training to all staff. The following paragraphs analyze the general framework for the January – March 2005 quarter and the situational conditions of the coca basins found in PDA areas of intervention.

B. General Socio-Political Framework for the Quarter

Activities carried out by the National Confederation of Agricultural Producers of the Peruvian Coca Basins (CONPACCP) were focused on organizing the Third National Congress, during which it was intended to establish a list of demands to be submitted to central government to find a solution for the coca leaf problem. However, this Congress was preceded by acts of protest against the National Police Force ban in the areas of Tocache and Aguaytía. This in turn triggered a series of protest marches in Tocache, Aguaytía and Tingo María, which were orchestrated to protest against the alleged spraying of chemical pesticides by the National Police Force as part of their coca-eradication activities. After careful examination, this was later disavowed.

The Third National Congress organized by CONPACCP did not arrive at the expected agreements. In fact, the results were quite to the contrary. The Congress evolved into heightened disagreement between its leaders which ultimately resulted in Elsa Malpartida's resignation as the Head of CONPACC.

PDA activities in Aguaytía and Tocache appear to be developing under favorable conditions. In Tingo María however, the presence of Sendero Luminoso and the constant threat against PDA officers make this particular area especially vulnerable for PDA activities and special care must be taken here. Finally, in VRAE, constant opposition from FEPAVRAE and the Regional Government's representative make this a difficult scenario in which to carry out PDA activities.

The Central Government is facing a series of accusations in connection with the nationwide scandal concerning fraudulent signatures. This problem has been the main issue covered by the media throughout the quarter in question. A climate of general lack of credibility in the President and the upcoming political campaigns for the next Presidential elections have diverted the country's attention to this issue instead of focusing on the more urgent problems affecting the country, amongst which is the coca-growing problem. Local political authorities in each of the valleys play an important role in as much as their position could affect normal development of PDA activities.

C. Situational Analysis of the Coca Basins

C1. Regional Office of Aguaytia

- **Socio-Political Situation**

There have been two strikes this quarter. One was organized by the Frente de Lucha de Ucayali who claims rights to receive payments for the Camisea Gas Project for the Ucayali region, and the other was organized by the Coca Growers Association of Padre Abad in response to the alleged spraying of chemical pesticides by the National Police Force during their efforts to eradicate illegal coca crops. Both of these disturbances interrupted PDA activities.

The protest of the coca-growers union was poorly organized and reflected disunity amongst its leaders. This encouraged the coca-growers to seek the support of Luis Maguiña Paredes, the Provincial Mayor, who responded by showing his support in stopping the alleged spraying with chemical substances by the National Police Force in its efforts to eradicate illegal coca crops. It is important to mention that the PDA has just recently signed donation agreements with Mr. Luis Maguiña Paredes, Mayor of Padre Abad, for the execution of social infrastructure works.

A meeting gathering the more prominent political and social authorities, organized sectors, the coca-grower union and DEVIDA officers was held towards the end of the reporting period in the city of Pucallpa, to address Alternative Development in the region. At the end of the meeting, all of the participants agreed to hold another meeting in which they would contribute concrete proposals to deal with the coca leaf issue.

- **Subversive Situation**

An overall stronger presence of Sendero Luminoso sympathizers was felt as more of them were ordered to stand guard along the roads and overnight stops in the city of Aguaytía as well as in villages such as Chancadora, Previsto, Divisoria, Santa Rosa, Inca Garcilazo and Shambillo, all within the Province of Padre Abad.

Other areas infiltrated by this subversive element are: Pampa Yurac and Barrio Unido, where a group of 20 terrorists were seen to be charging quotas to people living in the Neighborhood Committees of 23 de Marzo, Las Palmeras, La Marina and Cerro San Cosme. They might be observing the daily routines of the local authorities.

Development of PDA activities is normal and we have no knowledge of any direct action taken against PDA personnel by Sendero Luminoso.

- **Situation of Common Delinquency**

Armed robbery along the Federico Basadre Highway is on the rise. Organized bands attack cars and buses at all times of the day. Common spots chosen by these delinquents are: Llanta Blanca, Aguas Verdes, Guacamayo and Puente Chio located 20 minutes from the city of Aguaytía.

The National Police Force has no plan of action to counteract these delinquents' activities, and has decided to direct its efforts towards impeding fuel trafficking and the illegal transportation of wood. Fed up with this situation of inaction, a group of villagers took justice into their own hands and strangled and killed four alleged delinquents. Their dead bodies were found at the side of the Federico Basadre Highway and next to them, written notices justifying the execution of highway robbers.

- **Situation of Narcotrafficking**

At the beginning of the year, we learned that there had been a meeting held between Carlos Maldonado alias "Shushupe," a renowned narcotrafficker in Padre Abad, with members of Sendero Luminoso posted in the area. During this meeting, they agreed that Shushupe would pay the terrorists \$ 20,000 per ton of PBC taken out of Padre Abad for delivery in the city of Lima and in the north of the country.

The National Police Force carried out coca eradication activities in areas known to be concentrated production zones, such as the villages surrounding Huipoca.

C2. Regional Office of Tocache

- **Socio-Political Situation**

The socio-political situation was affected by the violent manifestations of coca-growers who blocked the Fernando Belaunde Terry highway for 12 days. These actions of protest lead by the coca-grower leader Nancy Obregón Peralta, were organized in response to the alleged spraying of toxic pesticides over the area of Santa Rosa de Mishollo (which is where Nancy Obregón lives) by the National Police Force.

The Provincial Mayor of Tocache, Pedro Bogarín Vargas held meetings with the coca-growers union leaders and other sectors in an effort to come up with an explanation for the alleged fumigation in the area.

PDA activities in Tocache had to be suspended during the time of these disturbances but work continued as usual in the Juanjuí liaison office.

- **Subversive Situation**

A supplier who provided river transportation services to PDA declared to have been visited by members of the Movimiento Revolucionario Tupac Amaru "MRTA" who told him that the MRTA would be resuming activity in the area, and recommended him

to stop providing his services to PDA. After being informed of this case, the specialized National Police stated that they doubted that the MRTA would resume activity in the area and generally considered it a very remote possibility.

- **Situation of Common Delinquency**

Common delinquency was increased compared to the previous quarter. In the Tocache area, there were two vendetta-related murders. Similar events were also registered in the area of Puerto Pizana. Highway robbery along the Fernando Belaunde Terry highway continued throughout the reporting period. There are not enough policemen in the area to effectively combat this delinquency.

- **Situation of Narcotrafficking**

The Antinarcotics Police Force made positive headway by inflicting serious blows to narcotraffickers. They located and destroyed maceration pits and chemical supplies in the areas of Santa Rosa de Mishollo, Puerto Pizana and Yanahanca. Coca-growers immediately responded to this by protesting and blocking the roads.

C3. VRAE Office

- **Socio-Political Situation**

Farmers associated to FEPAVRAE have strengthened their opposition against PDA-related institutions in the area. They have sent a number of written notices to DEVIDA and Chemonics asking them to withdraw from the valley. As a means of making their voices heard, these farmers also organized a three-day long march, which included the participation of more than 3,000 coca-growers. PDA activities were suspended as a precautionary measure.

The Regional President of Ayacucho, Mr. Omar Quezada Manrique remains firmly opposed to PDA permanence in the area and openly supports FEPAVRAE activities designed to put the pressure on DEVIDA and PDA so that they withdraw from the area. The total absence of an efficient and firm central government in the area is generating instability and putting the future of PDA activities in the area at risk.



VRAE coca -growers protest march

- **Subversive Situation**

We know that within the organic structure of what today still survives from the “Sendero Luminoso” terrorist organization; there is a Central Principal Regional Committee. This is considered to be the birthplace and central core of terrorist activism and armed struggle, and encompasses the surrounding departments of Ayacucho, Junín and Huancavelica.

The Vizcatán area is considered to be main axis point from where terrorists are transferred to locations in VRAE, Mantaro, San Martín de Pangoa – Junin, Sello de Oro de Santa Rosa La Mar Ayacucho and annexes next to Huanta and La Mar.

Their activities are geared towards undertaking proselytism actions, recruiting new members to their cause, and defending the interests of narcotrafficking organizations by protecting and supporting coca - growers.

Flags have appeared in the area near the San Francisco market, threatening the leading political and local authorities, the National Police Force and judicial authorities.



Flags

- **Situation of Common Delinquency**

During the reporting period there have been a series of assaults committed by common delinquents, who use long-range firearms to attack their victims along the main roads leading to VRAE, but particularly in certain spots such as Tapuna, Ccano, Monterrico, Carmen Pampa, San Antonio and Tambo la Mar. Most of the attacks take place at night. On the other hand, in the main provincial capitals, common delinquents target individuals who are dedicated to transport narcotics (cocaine paste, known locally as PBC). They also use long-range firearms.

- **Situation of Narcotrafficking**

VRAE is considered to be one of the major coca-growing areas with the highest volumes of narcotics production. Its main production centers are located in San

Francisco, Santa Rosa, Marintari, Palmapampa and Pichihuilca in the Province of La Mar, and in Mayapo, Lohegua and Sivia in the Province of Huanta.

Narcotics are taken out of the area by “burriers” and “caletas” who use the existing country roads connecting the basins of the Apurimac, Ene and Mantaro rivers to avoid Police suspicion and control.

There are some locations in Ayacucho dedicated to grow marihuana as the climate for this crop is optimal.

Police intervention and narcotics confiscation in this area is minimal.

C4. Regional Office of Tingo María

- **Socio-Political Situation**

The social environment for the reporting quarter was marked by a number of protests by the Alto Huallaga coca-growers. They mainly protested against the National Police Force, who had allegedly been spraying the illegal coca crops with toxic pesticides in the San Martín Region, in their efforts to eradicate them. A 48 hour strike resulted in PDA suspending its activities between March 14 - 15.

Subsequently, the Valle del Monzón decided to organize a 24-hour march of protest in the city of Tingo María, to express their disconformities with the Peruvian government's failure to comply with the agreements. This caused PDA to cancel all activities for one day. Here the intervention of drug dealers is more than obvious as it is clear that they want to reject all coca-leaf bans and eradication activities in the Valle del Monzón area.

- **Subversive Situation**

Halfway through the reporting quarter there was an attack against a Highway Police vehicle, very near to the city of Tingo María. Three policemen were killed. The *modus operandi*, points to Sendero Luminoso as the organization responsible for this act of violence, but perhaps Sendero Luminoso is acting as the executing agent reporting to organized mafias dedicated to trafficking fuel in the area. These mafias obviously want the National Police Force removed so that they can continue with their illicit activity.

At a later date, the National Police found long and short-range firearms in perfect working condition, as well as ammunition, near the village of Las Mercedes (a PDA-associated community) within the Jurisdiction of José Crespo y Castillo.

Moreover, the Popular Peasant Movement of Sendero Luminoso, which has settled in the Aucayacu area, hung red rags and flyers expressing their opposition against Nancy

Obregón and Elsa Malpartida, two coca-grower leaders, as well as against PDA activities in the area.



Police vehicle attacked by Sendero Luminoso

- **Situation of Narcotrafficking**

The National Police Force, through the Antinarcotics Directorate, has been pursuing a series of activities to comprehensively tackle certain areas of the Monzón valley, identified as centers dedicated to the production of cocaine paste (PBC). As a result, during the last “Manto Verde” operation, the Police managed to locate and destroy 52 pits used for maceration and cocaine processing. Additional interventions led to the arrest of a number of individuals involved in PBC trafficking, including chemical precursors used to process the coca leaves. Once again, and as a clear response to these eradication measures, the coca-growers of the Valle del Monzón took to the streets in Tingo María as a sign of protest. It is clear that the narcotics traffickers are behind them as they want to stop all police intervention in their illegal activities.

- **Situation of Common Delinquency**

In order to tackle increased armed robbery, kidnappings and other crimes, the National Police Force have established a plan of action to attack common delinquency. Despite this, kidnapping and rape are the two most common felonies registered in the area. Highway robbery has been less frequent during the reporting quarter.

D. Lessons learned

- Regional coordinators need to make more frequent visits to the communities in order to monitor their security and in this way prevent any type of incident that could potentially affect PDA activities.
- Communication must be improved and maintained with the different work areas so as to coordinate closely with field staff.
- Claims and concerns of the communities forming part of the program must be received and then followed-up, in order to determine whether or not their security measures should be modified.

E. Work Plan

- Summon all regional coordinators to establish future action in the area and guarantee the implementation of PDA activities and operations in each of the areas.

- Define a Plan of Action for the area to tackle the risks inherent to each of the regional offices and permanently evaluate coca-grower organizations' activities.

F. Recommendations

- Based on the present scenario, strengthen activities in the Tocache and Aguaytía basins.
- Position and reinforce PDA's presence in PDA-beneficiary communities.
- Continue decentralizing liaison offices for each regional office in order to consolidate a stronger presence in the field.
- Establish a communication plan designed to disseminate PDA achievements to beneficiaries and target communities under the new approach, to improve relations in the field.
- The National Police Force needs to continue locating and destroying maceration pits and stop narcotics processing.
- CORAH should continue with the forced eradication of illegal coca crops.

G. Constraints

- Although there is a notable improvement regarding the fulfillment of the production and infrastructure projects, it is still necessary to maximize efforts in these areas to comply 100% with the agreements.
- We need to improve our monitoring work to strengthen PDA-beneficiary communities, thus consolidating PDA, and turning them into role-models for other new units of intervention.

H. Next Steps

- Review the Security Coordinators' Work Plan together with the new Security Management.
- Visit and inspect each regional office.

Chapter 2: Socialization

A. Introduction



The socialization area focused its attention on supporting the coca crop measurement works for which CADA is responsible. At the same time it coordinated with the other offices so as to complete community negotiations with other communities. Other significant accomplishments include: the reduction of remaining coca crops, regularization of the addenda and visits to communities designed to inform them on the advancement of PDA commitments.

To date, socialization activities in each of the regional offices are being carried out according to schedule and are fulfilling the programmed objectives related to coca crop measurements, diagnostics, reduction of remaining crops, amongst others. During the reporting period, we have observed that there are a more communities and their respective local and municipal authorities, who are more receptive to the idea of having PDA working in their areas. This is particularly true of the Tocache and Aguaytía regional offices.

A.1. Community Negotiation Process



As of December 31, 2004, the PDA had negotiated with a total of 130 communities. Negotiation with some of the communities was left pending until the first quarter of 2005. The negotiation process was directed by the Sub-Directorate of Regional Operations and supported by all of the offices, in particular the Socialization Office.

During the first quarter a total of 42 communities were visited. Community negotiations were satisfactorily achieved with 38 communities (90%). Negotiations are presently being carried out with 4 communities, and these will be re-visited to complete the objective of 100%.

At the time of writing this report, we have negotiated with 168 communities; 130 were negotiated with in 2004 and 38 during the first quarter in 2005. Community negotiations have all been realized under DEVIDA's leadership.

Table 1: Objectives of the Community Negotiation Process

Area of Work	Scheduled communities	Communities visited/ summoned	Communities negotiated with	Communities in process of negotiation	Communities pending a visit
Tocache	4	4	3	1	0
Tingo María	0	0	0	0	0
Padre Abad	30	30	27	0	3
VRAE	8	8	8	0	0
Total	42	42	38	1	3

A.2. Implementation of new approach

The new work approach was implemented in 84 previously selected communities, representing roughly 44% of the total number of communities. One of the first indicators that gives us an idea of whether the communities are going to accept participating in the program, is their initial acceptance of the diagnostic. Out of the 84 communities that took part in the work meetings, 62 (74%) accepted to take part in the diagnostic.



Table 2 below shows that Tocache and Aguaytia are generally open to accept the new approach; of the 63 communities visited 92% are willing to participate in the diagnostic, 6% of the communities are undergoing their consultation process and only one community, which represents 2%, is against it.

In Tingo Maria the situation is more difficult. Out of a total of 21 communities only 19% (four communities) accepted to be involved in the diagnostic and 81% (17 communities) said to be consulting with their members. In light of this situation the Regional Office is coordinating with other local and municipal authorities in order to identify new communities which may be more willing to participate in the PDA.

There have been no meetings with local authorities in VRAE to inform them of the new approach. The situation of social unrest is affecting the possibility of holding this meeting, but we shall try again next quarter to aim at implementing the new approach in this area as soon as possible.

Table 2: Implementation of the new approach: Application of the Diagnostic

Area of Work	Communities	Communities accepting the diagnostic	Communities in consultation with membership	Communities rejecting the diagnostic
Tocache	25	20	4	1
Tingo María	21	4	17	0
Padre Abad	38	38	0	0
VRAE	0	0	0	0
Total	84	62	21	1

* The communities rejecting the diagnostic are those who are against PDA-participation.

A.3. Table of results showing quarterly statistics

103 hectares of illegal coca crops were eradicated during the reporting period. This reduction corresponds to the elimination of remaining crops and PDA's "control" of some of the communities mainly in Aguaytia, who had not complied with the 100% elimination objective.

Other significant achievements of the first quarter were: visits to 276 communities to inform them on the progress made by PDA; 298 meetings which involved 788 local authorities and 7,876 participants. These meetings helped us to maintain close contact with the communities and the PDA, and to better consolidate the program within the communities. The continuous presence of facilitator agents in the field helped to give the authorities and inhabitants a sense of accompaniment in their newly acquired licit livelihoods.

Table 3:

Activities carried out	Objective fulfilled
Reduction of coca hectares in first quarter 2005	103 hectares
Control Plan in the Communities	3 activities
Communities which are ready for the diagnostic	84 communities
Communities visited to inform on PDA's progress	276 communities
Work sessions with local authorities and inhabitants	298 meetings
Number of authorities informed	788 local authorities
Information to inhabitants	7,867 people have been informed

A.4 Control Plan

125 (39%) out of the total of 320 coca-free communities were visited. Added to the 143 communities visited during the IV Quarter of 2004, this now gives us a total of 268 controlled communities; in other words, PDA has carried out "control" visits to 84% of the coca-free communities.

Although we identified approximately 164 hectares of non-declared coca crops, the most important fact is that the authorities and inhabitants now clearly understand that their communities must be kept free of coca. Facilitator agents and personnel at regional offices hold regular meeting with the communities in order to “sensitize” them as to the importance of keeping the community free of coca. To do so, they make references to the Frame Agreement and remind them of the negative consequences of having illegal coca crops in the communities.

Table 4:

Results of “Zero-Coca Control”	Objective fulfilled
Communities visited in “zero-coca control” areas	125 communities
Communities in which additional coca-crops were identified	164 hectares
Hectares identified and reduced in the control	61 hectares
Hectares pending elimination by the communities	104 hectares



Control activities resulted in the reduction of 61 hectares. We expect to be able to reduce approximately 43 hectares more during the course of the next quarter and so comply with the 100% of hectares identified during the control visits.

A.5 Situational Status of the Communities

During the reporting period, 23 communities were added to the 297 communities we had for 2004, which means that to date, we have a total of 320 coca-free communities (84% of the communities who signed the Frame Agreement). Of the 79 communities that still need to be reduced to zero, 23 VRAE communities (6%) rejected the agreement in spite of having received part of the bonuses and some support for productive activities. This leaves us with 36 communities (10%) which still need to eliminate their coca-crops according to CADA measurements.

The facilitator agents are permanently carrying out “persuasion” work with 20 communities to convince them to eliminate their coca crops. The remaining 16 communities refuse to reduce their coca crops to “zero”, arguing that coca hectares were measured without their consent.

Table 5: Status of the communities

Status of the communities	Aguaytia	Tingo Maria	Tocache	VRAE	Total
With Frame Agreement	150	56	84	89	379
Coca-free *	143	37	76	64	320
Reduction to zero still pending*	7	19	8	25	59
Visited in order to incentivate reduction 1/.	7	19	8	14	48
Committed to reduction	2	8	6	0	16
Reduction negotiations in process	1	0	1	2	4
Refuse to reduce to zero	4	11	1	23	39

* In relation to hectares measured by CADA.

1/. In the case of VRAE, 23 communities who rejected the Frame Agreement have been included.

A.5 Constraints

1. The farmers seem to consider that the only objective that the PDA has is to reduce coca-crops. This has encouraged the communities and organizations to adopt an attitude of “acquired rights” which automatically makes them beneficiaries of the program.
2. In general, local inhabitants and authorities are still reluctant to participate in activities promoting legal development.
3. DEVIDA lacks political decision to carry out the programmed reduction in the communities rejecting the agreement.
4. DEVIDA’S failure to apply article 5, number 8 of the Frame Agreement (programmed reduction) in the communities failing to comply with the Frame Agreement, leads the inhabitants to think that they too can get away with non-fulfillment of the agreement, and receive benefits “without any major consequences”.
5. Social unrest in the areas due to absence of State security.
6. Non-delivery of benefits (bonuses and production projects) to the farmers whose coca crops were measured without them having signed the Frame Agreement, incites a number of communities to not comply with the zero-coca objective for the hectares measured by CADA.
7. Delay in the implementation of the new approach due to the fact that USAID and DEVIDA required “greater support” for intervention at Yarina.

A.6 Recommendations

1. Reinforce sensitizing activities to make the families understand that the PDA is only a support and the communities themselves are the key players in this project.
2. Continue with informative activities to make the inhabitants understand that alternative development is an option for integral development (change of attitude) and does not only involve works and production projects.
3. USAID should require DEVIDA to apply programmed reduction activities in the communities which “rejected” or failed to comply with the agreement. DEVIDA’s failure to do so will affect our work in as much as the number of communities in this situation could increase every month.
4. Complete the diagnostics in the new Territorial Units of Intervention (UIT: Unidades de Intervención Territorial) in order to determine the intervention program for the communities proposed for 2005.
5. Coordinate with CADA to “seek” a new methodology geared towards accelerating the measurement process.
6. Deliver bonuses and production projects to those farmers who are not part of the Frame Agreement so as to achieve 100% reduction of coca crops measured by CADA. This would help us to obtain a greater number of coca-free communities, and if not, programmed reduction must be applied.

A.7 Lessons learned

1. PDA’s conformation of the UIT must be verified in the field and include more contact with the local inhabitants and authorities.
2. Preparation of the PDI must include the participation of DEVIDA experts for the resulting document to be considered a joint proposal and not be subject to major observations by DEVIDA.
3. DEVIDA offices are not notified of the agreements entered into by DEVIDA-PDA-USAID in Lima.
4. The informative visits to the communities help PDA to come into closer contact with the communities and ease the tensions with respect to the delay in delivering the benefits.

A.8 Planning for the Second Quarter 2005

Activities for the following quarter include:

1. Application of the new approach in Yarina (Bajo Huallaga).
2. Follow-up community negotiation agreements.

3. Control visits to keep communities free of coca (320 communities).
4. Promote the reduction of remaining coca crops (181 hectares).
5. Coordinate with CADA for the measurement of coca crops in 21 Territorial Units.
6. Obtain at least 50 letters from communities consenting to coca crop measurements.
7. Promote the signing of 20 Frame Agreements.
8. Reduce 500 hectares of coca crops.
9. Identify and solve social problems at community level.
10. Hold 150 informative meetings in communities to inform on the progress made by PDA.
11. Promote 12 informative meetings with an equal number of municipalities at province and district level.

CHAPTER 3: Implementation of Community Projects

A. Infrastructure

The objective of the infrastructure component is to provide communities that have signed voluntary coca crop reduction agreements with PDA with infrastructure projects that seek, *inter alia*:

1. Improvement of the social and economic conditions of beneficiary populations.
2. Employment generation utilizing participation of construction firms in the coca areas for the design, evaluation, execution and/or supervision of projects. Furthermore, temporary work is generated for the beneficiary communities through labor associated with the construction of the infrastructure works.
3. Articulation between local, regional and national producers from the respective coca basins.
4. Increase in household income from sustainable economic activities.
5. Strengthening of institutional capacity of community organizations

A1. Quarter Activities

Activities in the area of infrastructure relate to the following stages of the process:

- Development of guiding technical principles and design of internal procedures
- Technical oversight of project design
- Design evaluation
- Supervision of construction of infrastructure works
- Transfer of infrastructure projects to beneficiaries (line ministries, local governments, communities)

Table 1 presents the universe of infrastructure projects at each stage of the project cycle, by target region.

Table 1: Implementation Stage by Region

Infrastructure Project Cycle	Aguaytía	Tingo María	Tocache	VRAE	Total
Pre-implementation	11	0	2	1	14
In design phase	6	0	3	0	9
In evaluation phase	15	1	0	5	21
Approved/ready for contract award	31	7	11	3	52
In implementation	97	11	17	12	137
Temporarily stopped	1	5	1	3	10
Completed	100	43	60	50	253
Cancelled	0	0	1	4	5
Executed by other institutions	19	1	0	0	20
TOTAL	280	68	95	78	521

This universe of 496 works¹ includes projects in education, health, water, roads, bridges, and others. Table 2, which presents a breakdown by project type, shows the breakdown according to phase of execution (pre-execution, in execution, completed).

Table 2: Summary: Project Status by Project Type

General Classification	Project Type	Pre-Implementation	In Execution	Completed
Educational Infrastructure	Construction of educational centers	10	22	67
	Rehabilitation of educational centers	1	3	9
Community Infrastructure	Construction of Multiple Use Centers	14	35	69
	Community Infrastructure	6	9	13
Water and Sewage	Construction of sewage infrastructure	4	7	1
	Potable Water systems	20	28	34
Health Infrastructure	Health Post construction	2	9	5
	Health Post rehabilitation	0	0	0
Road Infrastructure	Road Rehabilitation	21	23	24
	Bridge Construction	11	9	13
Economic Infrastructure	Productive infrastructure	0	1	6
	Irrigation channel construction	1	0	2
Electrification	Electrification System Construction	6	1	8
Other	River Embankment Protection	0	0	2
TOTAL		96	147	253

After careful analysis of internal bottlenecks, the infrastructure office led a multi-office initiative to re-engineer certain key PDA procedures. Working closely with the environment, finance, and contracts offices, the infrastructure office was able to significantly reduce bottlenecks and in that way considerably expedite internal procedures. In addition, the infrastructure office effected key organizational changes both in the Lima office as well as at the regional level. As a direct consequence of these initiatives, this quarter reflects unprecedented levels of infrastructure activity. In the period between January 1st and March 31st, a previously unmatched 104² construction awards were made:

Table 3: Summary of Construction Awards by Region

		Number of Awards (Primary Works)				
		Agua y Tia	Tingo Maria	Tocache	VRAE	Total
2005	January	9	2	0	0	11
	February	51	0	13	0	64
	March	24	5	0	0	29
	TOTAL	84	7	13	0	104

¹ Excluding five cancelled projects.

² Additionally, 33 complementary awards were made (works under construction), raising the total number of awards to 137.

Table 4: Summary of Construction Awards by Project Type

Project Type	Awards			
	2005			
	January	February	March	TOTAL
Classroom Construction	1	4	4	9
Construction of Multiple Use Centers	0	11	10	21
Bridge Construction	3	2	2	7
Health Post Construction	0	4	1	5
Potable Water System Construction	5	19	6	30
Community Infrastructure	1	6	0	7
Rehabilitation of Classrooms/Ed Centers	0	3	0	3
Road Rehabilitation	1	14	6	21
Health Post Rehabilitation	0	1	0	1
TOTAL	11	64	29	104

While some of these projects were already at advanced design stages at the beginning of the quarter, a considerable portion of these 104 works were a result of last quarter's *concertacion* (negotiation effort) with target communities and therefore were at very early stages in the project cycle (many in a pre-design stage). For this group of projects still at nascent stages, the re-engineering of processes and re-organization of staff undertaken at the beginning of the quarter proved critically important.

Furthermore, to respond to the large number of project start-ups programmed this quarter, the infrastructure office carefully reviewed the allocation of field staff - existing regional staff was relocated and additional personnel deployed.

Between January and March 2005, a total of 82 infrastructure projects began. This high-profile event, well received at the community level, significantly increased PDA field presence.

Table 5: Project Start-Up by Region

		Number of Infrastructure Projects				
		Aguaytia	Tingo Maria	Tocache	VRAE	TOTAL
2005	January	11	0	0	0	11
	February	12	2	4	3	21
	March	44	0	5	1	50
	TOTAL	67	2	9	4	82

The remaining projects (both pending award as well as those already awarded and pending contracts) are programmed for start-up early next quarter.

It is particularly important to highlight two key innovations achieved this quarter:

Firstly, in order to increase the accountability of project designers, the infrastructure office decided to award a small group of combined design/supervision contracts on a trial basis. The motivation behind this contractual arrangement is ensuring some degree of continuity between project design and implementation. The infrastructure office expects that this set-up will prove successful and expects, in that case, to continue to use this arrangement in future.

Secondly, the regional office of Aguaytia (the region with the highest level of program activity) has set up three local satellite offices. This structure facilitates and promotes interaction with communities, allows for more effective project monitoring, and as a result PDA's responsiveness to community needs is increased.

A2. Lessons learned

- Hiring engineers to carry-out supervisory activities directly (as opposed to through engineering firms) can significantly reduce costs and increase accountability to PDA.
- It is critically important to staff the program, at the regional level, in a manner commensurate to program activity. This staffing should retain the flexibility required by the nature of the program.
- Streamlining the design process facilitates oversight of design sub-contractors and helps promote timely compliance.
- Construction awards should be grouped geographically in order to facilitate supervisory activities, simplify contractual mechanisms, and make tracking more straightforward.
- The enforcement of non-compliance contractual clauses (fines) is extremely effective in promoting technical compliance and timeliness.
- The use of past performance in the selection process of sub-contractors is very useful and helps foster good business practices and improves overall project quality.

A3. Recommendations

- Review the performance of directly-hired supervisors and compare to the performance of supervision contracted via engineering firms in order to establish best practices.

Constantly review field staff allocation and relocate quickly in response to changing program needs and activity level.

- Continue to have inter-office meetings with the environment, finance, and contracts offices in order to further improve internal processes and promote transversal communication.
- Seek contracting mechanisms that simplify administrative processes and reward both private businesses and municipalities that are effective executors of infrastructure projects for the PDA.
- Perform ongoing evaluations of project implementation in order to identify shortfalls and determine best practices.
- A unit price database should be constructed in order to facilitate the audit of budgets included in project designs.
- Additional technical responsibility (and accountability) should be delegated to regional office staff.
- Infrastructure staff should be present when meeting with newly allied communities in order to provide technical input during infrastructure project selection.
- Provide feedback, based on performance indicators, to regional staff. Design training sessions for regional personnel based on identified performance shortfalls.

A4. Constraints

- Inability of sub-contractors to respond to the swift pace of the program.
- Lack of incentives for ensuring compliance of municipalities in the grants mechanism.
- Technical shortfalls of some regional staff.
- There are a limited number of private companies available to work in the areas of intervention as well as a reticence to accept projects in these areas given security concerns.
- Design specifications are in some cases deficient and prolong the project cycle.
- Administrative processes such as account rendering in order to satisfy PDA auditing and accounting procedures needs to be made more efficient.
- Certain inter-office procedures are still too burdensome and require further modifications.

A5. Activities for next quarter

The activities for the upcoming quarter include:

- Start-up remaining R-372 commitments
- Monitor and track implementation of projects underway in order to ensure technical, environmental, and timeline compliance.
- Formulation and implementation of a process manual for the PDA Regional Offices.
- Capacitación en las Oficinas Regionales, dirigidas a Personal del PDA, Supervisores y Subcontratistas relacionado a procesos involucrados en el diseño y ejecución de obras.
- Work closely with the environment, finance, and contracts offices in order to further expedite internal procedures.
- Participate in the design of PDA 2005-2006 intervention strategy.

B. Economic Service Centers (CSE)

The CSE's core function is to design and implement legal economic activities that are commercially feasible and contribute towards sustainable economic development in coca-growing areas. This is achieved by identifying the best way to articulate the active involvement of the private sector to the beneficiary population, by getting them interested in a specific activity that is mutually attractive and which considers: productive capacity, economic infrastructure, market penetration, environmental regulations, environmental protection, natural resources and the optimum use of financial resources.

B1. Main Quarter Activities

- Planning and implementation of an internal CSE program of activities scheduled for the January - March 2005 period: projected monthly budget, technical specifications of the materials required by CSE for direct purchasing, assistance to the associations that could be considered as recipients for the production projects and negotiations with private companies for the provision of technical assistance and business development.
- Negotiations with eleven private companies and producer organizations, to commit them to participate and co-invest in the provision of technical assistance services and supervision of the delivery of materials. This entails subcontracting them through agreements through which they will invest approximately US \$ 733,911 while PDA will contribute a total amount of US \$ 1'435,022.
- Preparation and implementation of a purchasing and delivery process to ensure that families participating in the production projects receive the materials they require. Delivery must be scheduled according to the requirements of the farming calendar.

- Updating the data base for production projects at community level and beneficiaries, considering those projects which are already being supported and those which are still awaiting support, families attended and prioritized crops.
- Process for reviewing beneficiary registries in the field, based on technical criteria for planting and maintaining crops.
- Definition of objectives (hectares) in productive activities awaiting assistance, taking into account the commitments undertaken under the Frame Agreements and the advancement made in the community negotiations process.
- Preparation and approval of 20 production projects in close coordination with the Management Areas of Natural Resources, Contracts, Finance and Administration. These are currently being implemented in the field through donation agreements, involving producer associations and consortiums.
- The Finance and Administration Area has supported the program designed to train the donation agreement operators and subcontractors, on the rules and procedures established to prepare and control budgets and financial disbursements.
- Implementation of production projects in the four valleys.
- Provision of technical support services for more than 29,000 hectares of crops in two ways: mainly with the private sector and in some cases, such as those dealing with pineapple, heart of palm and camu camu, through specialists hired and supervised by PDA who are due to finish this work in April and June 2005.

Supervision visits to the field to check on the progress made by the production projects.

- Implementation of businesses in each Sub CSE. In the valleys, we are working with a portfolio of 36 businesses with the co-participation of a number of private companies.
- Coordination meetings with entrepreneurs interested in investing and developing businesses in PDA areas of intervention.
- A coordination meeting with Regional Chiefs and Sub CSE Coordinators to discuss CSE's new strategy / focus, purchasing process and supervision at the time of delivery of materials.
- Visits to accompany personnel working at Regional Offices to boost CSE's work based on a business perspective.
- Training of CSE coordinators and specialists in performance and monitoring of sales indicators, jobs and investment; and specifically in business development.
- Work meetings with USAID geared towards strengthening the rural savings banks, and seeking to get these to support business development through credit loans.
- Support the implementation process for the Verification Survey with DEVIDA / USAID.
- Technical review of editions drawn up for the "Agro-alternative" radio program which is broadcasted on a weekly basis in the coca basins.

B2. Productive Projects currently in progress

We continued to offer support during the implementation of production projects and business activities, as detailed below:

- As of December 2004 we had a total of 52 projects; as of March 2005 we have 76 projects. Out of these, 10 were concluded during the previous quarter (January – March 2005 which means that to date we have concluded 43 projects. The time of completion for the remaining projects varies. However, the 7 projects that were transferred to the new contract should be concluded next quarter.

Table 1: Summary of the situational status of the Donation Agreements / Productive Projects

Regional Office	Present situation of productive projects					Total N° of Projects
	Concluded		Reprogrammed (C1) and currently underway	Transferred from C1 to new contract (C2) and in force	Recent with new contract (C2)	
	Before present quarter (at December 2004)	During this quarter (Jan - March 05)				
Aguaytía	11	1	0	1	7	20
Tingo María	6	5	0	2	9	22
Tocache	1	0	0	3	6	10
VRAE	15	4	0	1	4 ³	24
Total	33	10	0	7	26	76

C1 Contract 527-C-00-03-0001-00 (old contract)

C2 Contract 527-C-00-04-0043-00 (new contract)

- These projects are being completed by a total of 36 recipients, including associations and producer companies with whom we work closely and can guarantee that they are satisfactorily administering the funds, materials, goods and services for the beneficiary families.
- Out of a total of 38,175.13 hectares of alternative crops, a total extension of 29,507.25 hectares received our support during the quarter in reference, benefiting more than 20,000 families.
- Additionally, approximately 1,222 families were benefited by a *paiche* (type of fish) fish-farming project that is being co-executed with the Regional Government of Ucayali.

Table 2 below gives a global summary of hectares of crops that have been committed to support the program under the Frame Agreements, showing the results of the community negotiations process and their present status.

Of these, cocoa, coffee, cotton, oil palm and banana are the products with the highest potential, not only because they are the most pervasive crops in the area covering large extensions of land, but also in the context of their potential volume of sales considering the increasing prices for these products.

³ Agreements approved; signing pending.

Table 2.- Summary of hectares of crops under Frame Agreements, showing results of community negotiations and projected objectives for 2005, according to progress

Crop	2003 – 2004 Campaign	2004 – 2005 Campaign			Completed 2003-2005	Total (has)
		Programmed to start-up in April 2005	Under execution			
			Technical Assistance	Recently started (Jan - Mar 05)		
Cotton	4370.00	0.00	0.00	725.00	4370.00	5095.00
Cocoa	10088.00	379.50	10088.00	7656.00	0.00	18123.50
Camu Camu	59.75	0.00	0.00	0.00	59.75	59.75
Coffee	2596.75	0.00	2596.75	917.00	0.00	3513.75
Heart of Palm	118.00	0.00	118.00	0.00	0.00	118.00
Corn	1577.00	627.00	0.00	57.00	1577.00	2261.00
Oil palm	1335.00	1072.00	1335.00	0.00	0.00	2407.00
Grasses	130.00	0.00	0.00	4446.00	130.00	4576.00
Banana	769.00	15.50	769.00	356.00	0.00	1140.50
Pineapple	51.50	18.13	51.50	0.00	0.00	69.63
Beans	0.00	21.00	0.00	0.00	0.00	21.00
Citric fruits	144.00	127.00	144.00	0.00	0.00	271.00
Papaya	22.00	0.00	22.00	0.00	0.00	22.00
Rice	0.00	0.00	0.00	201.00	0.00	201.00
Peanuts	271.00	0.00	0.00	25.00	271.00	296.00
*Milled rice	0.00	4.00	0.00	0.00	0.00	4.00
Total	21532.00	2260.13	15124.25	14383.00	6407.75	38175.13 ⁴

Of the total of 38,175.13 hectares scheduled to be implemented to date, roughly 6,408 hectares have already been harvested. Harvests include cotton (4370 hectares), corn (1577 hectares) peanuts (271 hectares), and camu camu (59.75), amongst others, as illustrated in the following table:

Table 3: Cultivation areas completed within CSE PDA supported projects

Area	Peanuts	Corn	Cotton	Grasses	Camu Camu	Total
Aguaytía		330	4370	130	59.75	4889.75
Tingo María		140				140
Tocache		1107				1107
VRAE	271					271
Total	271	1577	4370	130	59.75	6407.75

⁴ This global number might be subject to variation after implementation in the field, as it might be affected by a series of factors such as peasant migration or lack of interest in taking care of the plantations.

The next Table shows how the area of Aguaytía evidences the most crops, followed by Tocache, VRAE and Tingo María:

Table 4: Total cultivation areas presently being attended within the CSE - PDA areas of intervention at March 31 2005

Area	Rice	Cotton	Cocoa	Coffee	Citric fruits	Corn	Peanuts	Heart of Palm	Oil palm	Grasses	Banana	Papaya	Pine apple	Total
Aguaytía		725	3455	600				118	1335	2724	975		51.5	9983.50
Tingo María			1798	820.75	144	57				1722	150	22		4713.75
Tocache	201		8200	260										8661.00
VRAE			4291	1833			25							6149.00
Total (has)	201	725	17744	3513.8	144	57	25	118	1335	4446	1125	22	51.5	29507.25

These 29,507.25 hectares are receiving technical assistance primarily through the participation of private companies and producer organizations; thanks to which the final crops are being installed and handled for planting.

Considering the commitments undertaken under the Frame Agreements and the community negotiation processes, we are now down to having to attend to roughly 2,260.13 hectares of crops⁵; out of which 1,072 hectares are intended for the plantation of oil palms. We have carried out negotiations with OLAMSA for the provision of seedlings and technical assistance. The remaining crops should be installed during the course of next month, according to the negotiations and the farming calendar, as explained below:

Table 5. New cultivation areas to be implemented in the forthcoming months

Area	Cocoa	Coffee	Corn	Oil Palm	Banana	Bean	Citric fruits	Rice	Pine apple	Total
Aguaytía			33.00	1,072.00					15.00	1,120.00
Tingo María	0.50		45.00		15.50	21.00	127.00		3.13	212.13
Tocache	379.00									379.00
VRAE			549.00							549.00
Total (has)	379.50	0.00	627.00	1,072.00	15.50	21.00	127.00	0.00	18.13	2,260.13

Technical Assistance was provided throughout the reporting period. This has been gradually transferred from being provided by PDA-supervised experts to the private the companies involved in the project.

Until March, technical assistance in the field had been provided by an group of roughly 288 people, which included 28 producer coordinators, 126 extensionist agents and 134 leader-farmers or peasant promoters. They were distributed as follows: 106 individuals in Aguaytía, 79 in Tocache, 69 in VRAE, and 34 in Tingo María. Cocoa is the crop with the highest number of technical assistants, employing 177 people in the four valleys. This represents 61% of the total number of people providing technical assistance.

⁵ This number may increase after seeing the results of the polls carried out at community level.

The companies charged with providing this service are:

- Cocoa: Exportaciones Sierra y Selva, Multiagro IE SAC, CACVRA
- Coffee: Cooperativa Agroindustrial Tocache, Cooperativa Agraria Cafetalera La Divisoria, Multiagro IE SAC and CACVRA
- Bananas: PATH FRESH and COPPU
- Grasses: Ecomsa Von Humboldt and Ecomusa Unión y Trabajo
- Citric fruits: PATH FRESH

Additionally, we are finalizing negotiations with COPASO for the provision of technical assistance for cotton growing. Technical assistance for pineapple, oil palm (maintenance project) and hearts of palm has been provided by local specialists directly hired and supervised by PDA. Their work should conclude between April and June 2005.

In order to conform to the technical assistance implementation process and supervision of the delivery and use of materials by private companies, it was necessary to overcome a series of obstacles and constraints arising as a consequence of strategic changes. However, in general terms, technical assistance is now more regular and will no doubt continue to improve over the next few months.

The table below shows how net sales in PDA areas of intervention accumulated at December 2004 surpass US\$ 8.7 million.

Table 6: Accumulated Net Sales in US \$ in the area of Alternative Development

Region	Net Sales US\$	%
Junín	154,791	1.8
Cusco	206,931	2.4
Ucayali	2,311,824	26.3
Huánuco	2,072,828	23.6
San Martín	3,087,578	35.1
Ayacucho	958,040	10.9
Total (*)	8,791,992	100
(*) Accumulated at December 04		
Source. Quarterly Report N° 21. PRA Project		

B3. Ongoing businesses

The following CSE PDA⁶ objectives have been set out, based on the coordinated work carried out between PDA and PRA:

Table 7. Summary of Objectives Assigned to CSE PDA

⁶ At PDA area of intervention level, in the areas of Alternative Development

Sub CSE	Sales (US\$)	Jobs (Wages)	Investment (US\$)
Aguaytía	1,100,857	122,701	110,985
Tingo María	594,063	66,214	59,892
Tocache	1,534,189	171,000	154,672
VRAE	929,332	103,583	93,692
Total CSE	4,158,441	463,498	419,241

Based on this information, CSE PDA business experts are currently completing the business programs according to the availability of present clients, potential clients and the general market.

During the quarter in question and especially during the month of March, the team of CSE PDA business specialists has been putting substantial effort into these business issues. Part of their work has consisted in preparing and adjusting the business programs, visiting clients and potential clients, and working on business development.

To facilitate this task, they visited the 4 areas within the PDA's area of intervention and conducted a training workshop in Tingo María designed to increase efficiency and thus have a better chance of satisfying the goals on the basis of sustainable business projects. This workshop was co-organized by CSE PDA and PRA.

At the time of writing this report, Sub CSE PDA sales reported US \$ 989,197⁷ which represents part of the US \$ 4,158,441 goal assigned to CSE. The Sub CSE showing the greatest sales potential for the year is Aguaytía, followed closely by Tocache, which also has a promising potential, basically attributed to its cotton and rice businesses. VRAE and Tingo María still need to overcome a series of commercial and economic constraints and obstacles in order to improve client and potential client sales.

Moreover, we have established a roundtable (*mesa territorial*) with the adjacent CSEs (Huánuco, Pucallpa, Tarapoto and Ayacucho) in an effort to optimize business efficiency and promote sustainable businesses within PDA's areas of intervention.

The Table below lists our present clients, after transferring the businesses from PRA and as a result of the new CSE PDA management:

⁷ Source: Quarterly Report Oct – Dec 2004 / PRA Project

**Table 8. Summary of Products / Businesses and Companies Working with CSE
PDA**

CSE / Area	Product/ Business	Name of Company involved ⁸
Tingo María	Tropical flowers	Luis Marroquín
	Wood	Asociación de productores forestales de Gosen
	Bananas	Patt Fresh
	Cocoa	Exportaciones Sierra y Selva SAC
	Coffee	CAC La Divisoria
	Spring water	Envasadora Bella Durmiente
	Bananas and Papaya	Frudersel SRL
	Bananas	Sofía Rosas Pumasupa
Aguaytía	Palm oil	OLAMSA
	Cotton fiber	COPASO, Plan Ucayali
	Cotton seeds	Plan Ucayali
	Bananas	COPPU
	Cocoa	Exportaciones Sierra y Selva SAC, ACATPA
	Pineapple	Asociación de productores de piñeros de Shambillo- APPSHA
	Hard yellow corn	Comité de Productores Flor del Valle
	Rubber	Ecomusa Sinchiroca Shiringa
	Hearts of plam	ASPPA
	Coffee	Asociación de Cafetaleros del Valle La Divisoria
	Wood	Asociación de Productores Sinchi Roca
Tocache	Coffee	Cooperativa Agroindustrial Tocache
	Cocoa	Exportaciones Sierra y Selva SAC, APA Fray Martín
	Rice	Asociación de Productores de Arroz Tocache, RPS Bellavista, Grupo Gavilán, Agroforestal
	Cotton fiber	ALSELVA, Algodonera Juanjuí, Romero Trading
	Rice	Agroforestal
	Peanuts	Carlos Gonzáles
	Rubber	ACPMCHVBH
VRAE	Cocoa	CACVRA, Multiagro IE SAC, Macchupicchu Coffee Trading.
	Organic cocoa	CACAO VRAE
	Coffee	CACVRA, Multiagro IE SAC
	Peanuts	Multiagro IE SAC
	Sesame seeds	Grano de Oro IE SAC
	Ginger root	Botanical products SRL
	Palillo (Peruvian spice)	LOPESA
	Annatto	LOPESA

⁸ In some cases, clients are individuals rather than businesses

	Hard yellow corn	Asociación de Productores de Menestras	Likewise, we
	Bananas	APLAVRA	

have embarked on a number of joint ventures with CSE PDA and CSE PRA adjacent to the Alternative Development area, as shown in Table 8 below:

Table 8. List of new clients interested in participating in business projects, showing the respective products

CSE / area	Client	Product	Entity responsible
Aguaytía	OLAMSA	Palm oil	CSE Aguaytía
	COPASO	Cotton fiber	CSE PDA
	Plan Ucayali	Cotton fiber	CSE PDA
	Plan Ucayali	Cotton seeds	CSE PDA
Tingo María	JDC	Hard yellow corn	CSE PDA
	Luis Marroquin	Tropical flowers	CSE PDA
Tocache	ALSELVA	Cotton	CSE Tarapoto
	Romero trading	Cotton	CSE Tarapoto
	RPS Bellavista	Rice	To be defined
	Grupo Gavilán	Rice	To be defined
VRAE	APLAVRA	Bananas	CSE PDA
	Asociación de productores de Menestras	Hard yellow corn	CSE PDA
	Botanical product	Ginger root	CSE PDA

Specialist tables were completed this quarter in order to facilitate the work of the business area.

B4. Lessons Learned

- The CSE integration process needs to be strengthened by means of a process of accompaniment that guarantees the implementation of a clear organizational and managerial model directed towards decision-making and results, based on compliance of the obligations under the Frame Agreements, negotiation and business approach. It should also consider adequate communications, integration, ongoing training and teamwork.
- The implementation of production projects designed to fit the farming calendar creates a climate of trust for the beneficiaries and guarantees that the projects are started on a positive note. The constraints are always related to the quality of the grant recipient, the relationship with the subcontractor in charge of the technical assistance and field supervision.

- The Community Negotiation Process, which includes the participation of DEVIDA / USAID, has helped us to determine the scope of the Frame Agreement and guide the beneficiaries and community leaders through the Program's agenda; it has also enabled us to define the roles and obligations of each one of the players involved.
- Supervision and follow-up activities require reinforcing in the field. This would allow us to learn more about the advancement of the Program and implement any corrective measures that may be required.
- Planned and coordinated work between PDA and DEVIDA/USAID would enable us to respond to any problem or concern expressed by the communities at the appropriate moment, thus preventing future crises.
- In order to boost business development, it is absolutely indispensable that we share the same business approach, information on the indicators, the Performance and Monitoring system, have a business program and work as a team (CSE, Sub CSE and PARA Project).
- We will continue to work in close collaboration with DEVIDA, USAID and other PDA-associated entities to respond quickly to claims and define joint alternatives designed to solve the different problems emerging in the field.
- The dynamics of the businesses oblige us to take accurate decisions, based on PDA's approach and on the responsibility of having only one spokesman per product / client.
- Responsible decentralization allows for a greater commitment on the part of the technical teams and drives them to meet the goals.

B5. Compliance with time-schedule

The time schedule has been complied with respect to:

- Attending to all grants and subcontracting agreements.
- Baselines and defined work strategies.
- Project control and management (visits, reports, training, follow-up).
- Implementation of Model I and of the budget scenario of US\$ 7.9 million.
- Negotiation and signing of subcontracts with private companies and producer organizations for the provision of technical assistance services and services to supervise the delivery of materials.
- Signing of donation agreements with local recipients.
- Purchase and delivery of materials for the Program's beneficiaries, according to a supervision program.
- Field supervision and support to work teams in each of the Regional Offices.
- Transfer of Technical Assistance services to the Companies who took part in the public tender and were awarded the contract and those who received a direct invitation to participate, and continuity of these services in the field.

- We have complied with carrying out the technical audit on COPASO, to review its participation in the implementation of the donation agreements and technical assistance with respect to management of the cotton project.
- Develop the business area, based on business programs and the active participation of the private sector.

We have managed to normalize attention to the communities, gradually overcoming most claims and delays in starting up our activities.

B6. Recommendations

- Consider the technical and social guidelines designed by the CSE on the basis of the intervention model and budget scenario approved for the implementation of activities related to production and business projects.
- Reinforce the follow-up plan and supervision of production projects in the field together with field supervisors, specialists and personnel working for CSE, Sub CSE, Regional Offices, and local authorities and leaders, if required.
- Officially implement staff changes
- Design a strategy oriented towards ensuring investment and business sustainability, considering the support provided to install crops such as cocoa and coffee which take substantial time to produce results.
- Discuss the implementation of subsistence projects with USAID in order to attend the needs of those families who do not qualify as beneficiaries under the present intervention model.
- Determine, together with USAID, the best strategy to use to finish attending the families who signed the Frame Agreement by means of an Addendum and who have not been considered in the budget, but are now being considered as a result of community pressure.
- Each one of the different CSE specialists (in productive projects or businesses) should work on the basis of pre-defined goals and results without neglecting their areas and in consideration of the current focus and guidelines.
- Business development should be given priority.
- Carry out an induction and accompaniment program directed at companies charged with providing technical assistance services in order to inform them about administrative and contractual procedures, as well as the environmental regulations and objectives of the project.
- Maintain an adequate level of coordination and communication with the other areas associated to the Regional Office, the PRA Project, DEVIDA (central and

branch offices), so that they are all informed on the progress made, constraints and successes.

- Play an active role in the new PDA approach.

B7. Activities programmed for the upcoming quarter

Continue with the facilitating and supervision process for recipients and sub-contractors to ensure that the production projects are correctly installed and technical assistance in the field is being carried out to satisfaction.

- Sign the subcontracts for the provision of technical assistance services and services to supervise the delivery of materials with OLAMSA for oil palm and COPASO for cotton.
- Finish signing the donation agreements with producer associations for the implementation of production projects, particularly in the area of Aguaytía.
- Implement the supervision process in accordance with the objectives contained in the donation agreements and technical assistance sub contracts under the responsibility of the Sub CSEs.
- Formulate a manual for the supervision of production projects, based on guidelines prepared by specialized consultants.
- Visit each community to make an on-site evaluation of our compliance with PDA activities and objectives pursuant to the donation agreements and Technical Assistance sub contracts.
- Design and implement a program to strengthen producer organizations supporting CSE –related productive and business activities.
- Continue with the process of informing the communities on the implementation strategy for production projects and as to the level of investment pledged for each type of project.
- Prioritize business development, starting by completing the business programs and actions designed to overcome the constraining factors causing “bottlenecks” and achieve approval by Performance and Monitoring
- Coordinate with the environmental management area for the application of environmental regulations and the PEA in the donation agreements and technical assistance subcontracts, particularly with respect to the work carried out by these teams in the field.
- Use the funds contributed by Finance and Administration to provide on-site training and support to ensure compliance with the rules and procedures to be

followed while preparing and controlling the budgets, and rendering accounts in order to guarantee the normal disbursement of funds.

- Prepare final reports for completed projects and where necessary and according to the amount of investment, carry out technical evaluations.

Support dissemination activities to improve CSE positioning at regional level and the business sector.

- Conclude negotiations with COPEME in order to come up with a proposal to continue the work of Rural Savings Banks and optimize the yield of the Trust Fund and the DCA.
- Encourage rural savings banks to grant credit loans for PDA-promoted businesses and search for other sources of financing, such as the use of DCA securities.
- Carry out specialized consulting to identify and appraise all assets in PDA's areas of intervention so that, together with DEVIDA and PROINVERSIÓN we may implement a strategy that will allow us to use them and in this way encourage private companies to become involved in the business projects and thereby strengthen them.
- Define guidelines to improve business development and enhance coordination between CSE and PDA's Regional Office.
- Update the data base for production project beneficiaries with respect to the Frame Agreement signatories and the number of families attended. This must be done in observance of the technical guidelines set forth by Monitoring and Performance's Sub Directorate.
- Disseminate CSE's work focus, both internally in the Regional Offices, in DEVIDA's central and branch offices and in other PDA-associated entities.
- Begin organizing the second National Exhibition of Alternative Development Products.
- Coordinate all of the above mentioned points with the Sub Directorate of Regional Operations and Regional Headquarters in order to ensure that regional operations perform at maximum efficiency.
- Provide all of the information required by the Sub Directorate of Regional Operations to prepare reports on the progress made by the CSE, to inform beneficiaries, suppliers and clients in a timely, concise and precise manner.
- Participate actively in PDA's new work strategy to identify and define potential businesses that could be implemented in the defined Territorial Units.

- Document and disseminate all of the success stories that we have to date as a result CSE and PDA's work.
- Support all activities designed to disseminate and position CSE PDA.

C. Natural Resource Activities

This reporting period has seen the consolidation of a number of activities that began during the previous quarters. Amongst the most notable achievements is the implementation of the PEA, following its approval in July. This was implemented by training personnel and applying the procedures in PDA works and projects. The first environmental audit carried out on the execution of the PEA within PDA, summarizes our efforts in this sense. Both the audit and a national workshop designed to present the results were completed to satisfaction.

During the reporting period and the previous quarters, we have been working on planning the activities for 2005 through participation in diagnostic activities, as well as on defining the upcoming integral development plan for the first Territorial Intervention Units (UIT) which should be completed in the short-term.

Noteworthy too is the fact that PDA beneficiary communities now have production projects based on use of forest resources. Although the actual income earned to date is relatively low, it is significant in that it stems from activities which had never before been considered as alternatives for an illegal economy.

Natural Resource Management will continue to strengthen the economically-related activities and those related to the application of the PEA, which are already underway. A lot of coordination work with other institutions and training of all players involved is required for this.

C1. Activities this Quarter:

Projects executed – economic activities involving the use of forest resources

Progress to date is specified for each of the projects at the end of the text. For the most part, the major cost in terms of time has been spent attempting to obtain approval for the designs drawn up by the public entity. In addition, the fact that in many cases, the communities with whom we work lack documentation accrediting property rights, which complicates the approval process even further.

The following sections provide a series of comments on the projects executed during the reporting period.

Logging module in Gosén

The project to install the industrial logging module in Gosén has been concluded. The community is currently logging and sawing wood cut from the first Annual Harvesting Blocks. There has been no problem with using the portable saw; however, there are

certain constraints and doubts with respect to the administrative and commercialization aspects of the product. In order to overcome these difficulties, we are currently planning a course to train participants in business skills, together with the CSE. This has been programmed for the first week in April.

This project has proven just how advantageous forest management projects can be: the product is harvested almost immediately, processed, sold and the participants obtain economic returns without delay. This type of project produces immediate results, not like other projects where participants have to wait to be able to harvest their crops, such as is the case of coffee and cocoa.

Physical and legal clearing of CCNN Sinchi Roca

With the support of PDA's Land Titling division, we are presently coordinating with PETT to start-up delimitation work on the 23,000 hectares encumbered with physical and legal clearing problems. Only 23,800 hectares of community property have been legally recognized.

This represents only 50% of the total area of community territory (46,801 hectares) comprised within the Management Plan. Approval of the PGMF (General Forest Management Plan) by INRENA is conditioned to obtaining legal recognition for the entire area. Field work is scheduled to start-up around mid April 2005. These activities are not only important for the management plan, but also to support this native community in obtaining formal recognition of their property and thereby maintain licit activities in areas that could potentially be utilized for coca production.

Physical and legal regularization of the territories belonging to communities taking part in the Forest Management Projects and obtaining approval of Management Plans from INRENA

A public competition for subcontracting the services of a firm to carry out physical and legal clearing and obtain approval of the Forest Management Plans for the C.C.N.N. of Sinchi Roca, Unipacuyacu and Santa Marta, has been called. The winning bidder will commence this work during the third week in April.

The Achinamiza rubber project

The rubber project in Achinamiza is currently underway; the number of paths originally planned has been reduced as rubber trees are relatively scarce in some of the sectors. The new goal is 75 paths, and management is going to be modified to ensure that the production of rubber is not significantly altered. So far, we have made 80% headway with the opening of paths and we are also starting construction of the camp in the work area. In response to the request made by the Achinamiza beneficiaries who are presently forming an association, we have agreed to hire an assistant administrator to support and train them in their business venture and take care of all the accounting and logistic aspects of the project. One month after having made this decision, the Central Association of Agricultural Producers of the Bajo Huallaga Basin, the present recipients, had still not formalized any kind of agreement, which means they had breached our agreement. Fortunately, the situation was corrected and the assistant administrator was

selected on the 31/03/2005, with the participation of the recipient Association, technical assistants and PDA personnel. The assistant administrator is now carrying out his job.

The Nuevo Oriente and Alto Santa Cruz local forests

A meeting held on 16/03/2005 gathered INRENA's Technical Administrator for San Martín and representatives of the Associations of Nuevo Oriente, Alto Santa Cruz and PDA's area of natural resources. As a result of this meeting, authorization was granted for both PGMFs to be sent to INRENA's environmental assessment office in Lima. We are now making arrangements with INRENA San Martín for the visual inspection of the two local forests. This would be the last stage prior to obtaining approval for forest exploitation activities.

Jobs and wages created per office

Table 1 1. N° of jobs generated by forestry-related projects includes a summary of the jobs and wages created for the benefit of the recipient communities as a result of executing forest management projects. Including the amounts accumulated during the previous quarters, we now pay 13,437 day wages for 38 projects.

Table 1 1. N° of jobs generated by forestry-related projects

Regional Office	N* Projects (April-Dec 2004)	N* Projects Jan-Mar 2005	N* Beneficiary Families (April-Dec 2004)	N* Beneficiary Families (Jan-Mar 2005)	Jobs created (April-Dec 2004)	Jobs created (Jan-Mar 2005)
Tingo María	11	2	718	109	4082	430
Tocache	5	1	131	50	250	800
Aguytía	19		470		7875	
TOTAL	35	3	1319	159	12,207	1,230

Sales per office

Table 2 2. Sales of forestry-related projects show a summary of income from forestry-related projects. It is important to note that these projects are capable of generating income in a very short time. The income reported for the Gosén community refers to income obtained as from mid-February for the sale of sawed wood proceeding from the first annual harvesting block. Installation of the module was completed at the end of January. At present, the community is negotiating an order for wood for the construction of stables to be used in Sub CSE Tingo María projects. It is also contacting other timber companies in Tingo María.

Rubber production by the communities of Sinchi Roca and Puerto Nuevo has been low this quarter due to heavy rainfall. Fieldwork has been programmed to start-up in May. Average monthly production is expected to fluctuate between 3,000 and 4,000 kg, as it is affected by the season of defoliation in June. The months of highest production are July to September.

Table 2 2. Sales of forestry-related projects

Regional Office	N° of Projects April-Dec (2004)	N° of Projects Jan-Mar (2005)	Value of Sales S/. April-Dec (2004)	Value of Sales S/. Jan-Mar (2005)	Estimated sales for next quarter S/.	Comments
Tingo María	0	1	---	10,000	20,000	Forest management project and module for processing raw material – Gosén community.
Aguaytía	2	2	45,000	3,000	15,000-	Rubber project in CCNN Sinchi Roca and Puerto Nuevo
TOTAL	2	3	45,000	13,000	35,000	

The local forest in the community of Gosén has been established as the first example of communal forest management in the Tingo Maria region. The addition of the industrial module for processing the raw materials complements forest management by giving the wood products value added and thereby higher income.

Forest management of woodland affected by road rebuilding works

We are currently in the process of establishing local forests and protected areas as part of the strategy to mitigate the negative impact caused by road projects. The aim of the proposal is threefold:

- Territorial ordering of the communities involved, by establishing local forest and protected areas.
- Mitigate all deforestation caused by road projects.
- Train beneficiaries of local forests and protected areas on the significance, economic benefits and ecological advantages offered by forest resources.

Some of our efforts to implement these mitigation measures have experienced delays as a result of their respective processing and approval procedures, carried out by INRENA. 3 additional files have recently been submitted to INRENA - Department of San Martín. These correspond to the communities of Playa Hermosa, San Juan de Abiseo and Mantención. We are also in the process delimiting a municipal conservation area in Nueva Palestina (Aguaytía) and the local forest of Siambal (Tocache).

Georeferencing and verification of roads and maps

We continue to update georeferencing for the rural roads intended for rehabilitation, complementing it with information collected from the results of field work.

To date, we have an updated database for all of the rivers within the areas of intervention, based on satellite imagery and national scale maps. This information is not only useful for Natural Resource Management of but also contributes to improve all PDA's mapping information.

Classification of forest cover

We are working with Territorial Intervention Units within the new area of intervention in the Bajo Huallaga. Territorial Units were delimited on the basis of the known limits of each village, coca-measurement information obtained from CADA and the boundaries of protected areas or concession areas. 3 Territorial Units were identified in this area:

Bajo Huallaga 1 (Yarina): includes the area within the boundaries of Yarina, Pongo Isla, Progreso, San José de Solteritos and Pucallpa.

Bajo Huallaga 2 (Chipurana): includes the area within the limits of Inayuca, Navaro, Dos de Mayo, Santa Martha, Santa Cecilia and Unión Corotoyacu.

Bajo Huallaga 3 (Yanayacu): includes the area within the limits of San Francisco, Leche, San José, Yanayacu and Santa Rosillo.

A field visit to these Territorial Units was carried out in order to verify the interpretation of the satellite images.

Forest Management Plans

We are working on this in conjunction with PETT and PTT, in order to expedite physical and legal clearing for the different native communities for whom we already have a General Forest Management Plan.

Teamwork with PETT and PTT is crucial for accelerating the processing stage before INRENA and ultimately obtaining approval of the PGMFs as soon as possible.

Implementation of the Productive Projects Database

An automated Productive Project database was created in an effort to have a better picture of their location and also for consultation purposes.

C2. Conclusions and recommendations

Lessons Learned

1. In addition to technical assistance, it is absolutely critical to provide the beneficiaries with administrative assistance during the stages involving the formation of associations and communal enterprises. This is the only way that the beneficiaries may acquire some formal training in the business skills required for them to implement and conduct the work for these production projects, as has been the case of the Achinamiza rubber project.
2. The experience gained through the implementation of the first local forests (Gosén, Nuevo Oriente and Alto Santa Cruz) is being used to form other local forests that are being implemented as part of the efforts to mitigate the impact caused by road projects.
3. Regular field supervision has allowed us to monitor progress in terms of quality and identify technical and social problems more efficiently.

4. Forestry-related project beneficiaries need to be carefully selected. For this reason, and in some specific cases, we have resorted to solicit that the communities themselves to assume the cost of labor as part of their contribution – instead of us paying workers wages (as in the case of La Colorada and Alto San Juan). Willingness to do so reflects their grade of interest and commitment with the project, and also avoids situations whereby the beneficiaries only become temporarily interested in the project because they are attracted by the wages, but are not willing to follow through in the long-term.
5. Generally speaking, only projects receiving tangible support from beneficiaries should be considered.
6. In the case of projects located within local forests and protected areas, some of these – due to their nature - are for projects designed for community consumption only or for the protection of their basins, so, it is important that before executing any work in these areas that the population is informed and trained so that they clearly understand the idea.
7. Work with native communities must always take the idiosyncrasy of the inhabitants into consideration and even perhaps request the services of an anthropologist so that he/she may assess the situation. We cannot expect to draw up a project and expect it to work according to our criteria.
8. Joint PEA implementation activities with DEVIDA have been highly successful, improving relationships and enhancing control of operations in the field. It is important that DEVIDA maintains its staff on a long-term basis instead of constantly changing them; this provides continuity in supervision and knowledge of projects.
9. Improvement needs to be made to the agreements with companies so that we are supported by legal instruments capable of enforcing compliance with environmental regulations.

Constraints

1. Coca growers' strikes and other violent disturbances often hinder our work and supervision activities in specific areas, which mean that the subcontractors frequently go unsupervised.
2. Processing to obtain approval for the management plans from INRENA is difficult because community members lack the necessary documentation – it is either lost, incomplete, undergoing processing or has not ever been processed.
3. The Autonomous Committees of the local forests lack authority and support from governmental entities and INRENA to prevent illegal logging in their lands. An example of this is the local forest of Nuevo Oriente where illegal loggers have invaded the area.
4. Wages offered by contractors executing basic social and economic infrastructure projects are high (S/.35 to S/.40) compare to the wages paid by the production and forestry-related projects. This is creating problems.
5. Personnel charged with Infrastructure, supervisors and contractors still require further training on the compliance of environmental regulations to ensure that these are duly observed.

Challenges

1. Sustainability of the works-both productive and related to infrastructure-is indispensable and therefore should receive more attention, specifically with respect to training of the committees responsible for maintaining the works.
2. Great efforts must be made to ensure that PDA personnel, subcontractors, and supervisors fully comply with all environmental regulations, applying the lessons learned from the infrastructure projects.
3. Enforce compliance of all PDA personnel with environmental regulations.
4. Reinforce the business skills of the members of associations involved in local forest management and the rubber project.

Recommendations

1. Greater emphasis should be placed on training PDA personnel, subcontractors and supervisors on environmental regulations applicable to the PDA.
2. The CSE should implement a business plan related to forest activities (such as for Gosén).

The CSE should assume the responsibility of considering the Environmental Conditions in its Production Projects, as part of the Initial EIs.

3. Work on improving relations with INRENA in order to step-up processing and approval of the management plans.

C3. Future Activities Table 4 3. Future Key Activities includes a list of what are considered to be the key activities for forest-related projects aimed at consolidating forest management as the main activity mitigating PDA activities. In this respect, the files for the local forests of Playa Hermosa, San Juan de Abiseo and Mantención have already been submitted to INRENA and are awaiting approval for the first stage before starting-up the field work involving inventory and a forest census, before then going on to prepare the PGMF.

The local forest of Siambal is undergoing delimiting efforts. Training and field work in the community of Nueva Palestina is scheduled for the beginning of May and a preliminary diagnose has already been carried out for the area.

Discussion work is currently underway (delimiting and zoning). Grassroots fieldwork has been carried out in the new area of intervention of the UTIs of Yarina, Chipurana and Yanayacu, and we are adjusting the geographical database before going on to conduct fieldwork for a more specific assessment of the each UTI.

Regarding the PEA, it is essential that the audit report is completed as soon as possible, so that we can make that information public - as a summary or in full. The training activities mentioned throughout this report, should also be started.

Table 4 3. Future Key Activities

FUTURE KEY ACTIVITIES	REGIONAL OFFICE		
	Tingo María	Aguaytía	Tocache
Forest-related projects in Yarina, Chipurana and Yanayacu			X
Replanting of 30 ha. in Puerto Franco			X
PGMF Siambal local forest			X
PGMF Playa Hermosa local forest			X
PGMF San Juan de Abiseo local forest			X
PGMF Mantención local forest			X
PGMF Bajo Guayabal local forest		X	
Forest evaluation of the protected area of Nueva Palestina		X	

Exhibit 1. Projects undergoing execution as of March 2005

Project	Regional Office			Level of Progress					Observations
	T. María	Aguaytía	Tocache	Por iniciar	Etapas inicial	En ejecución	Etapas final	Concluido	
Alto Santa Ana management plan			X					X	PGMF concluded. Approval by INRENA in process. A meeting was held with the technical administrator of INRENA-San Martín and legal representatives of the communities in the city of Tarapoto. The files are at INRENA's environmental impact assessment office.
Nuevo Oriente management plan			X					X	
Playa Hermosa management plan			X		X				
San Juan de Abiseo management plan			X		X				The forest has been delimited and we have a preliminary sample. The Technical Files have been submitted to INRENA requesting Local Forest status for these communities. Upon approval of INRENA, we shall proceed with inventory, forest census and preparation of the PGMF.
Mantención management plan			X		X				
Sinchi Roca forest management plan		X						X	
Unipacuyacu management plan		X				X			PGMF concluded. Approval by INREANA is in process. We are selecting a number of companies to invite them to bid for physical-legal clearing services and obtain approval for the management plans.
Santa Martha management plan		X				X			
Gosén forest management plan	X							X	
Sortilegio agroforestry system	X							X	Project concluded.
Honolulu agroforestal system	X							X	Project concluded.
La Colorada agroforestal system	X			X					The donation agreement has been approved and the Tingo María office is processing the disbursement.
Planting of 6 hectares in	X			X					The donation agreement has been approved and

Alto San Juan									the Tingo María office is processing the disbursement.
Planting of 45 hectares of <i>bolaina</i> , in the communities of San Pedro de Guinea, Santa Rosa de Guinea and Virgen del Carmen		X						X	Project concluded.
Production of Unipacuyacu rubber module		X		X					Currently undergoing evaluation by the contracts and grants office.
Production of Santa Martha rubber module		X		X					
Technical assistance and monitoring of production and operation of rubber module in the communities of Unipacuyacu and Santa Marta		X							Observations were made respect applicant companies and a new tender has been called; currently in process.
Achinamiza rubber module			X			X			Work has started-up to construct 40 rubber paths and to install the processing modules.
Alto Santa Cruz industrial module			X	X					Approval of the PGMF by INRENA is still pending; implementation will begin as soon as this is obtained.
Nuevo Oriente industrial module			X	X					The donation agreement has been approved by USAID; we are now waiting for PGMF approval by INRENA.
Gosén industrial module	X							X	Project concluded; module installed and in production.

Chapter 4: Cross Cutting Initiatives

A. Land Titling (PTT)



The objective of this component is to grant possession security to 4,300 families participating in the voluntary reduction of coca crops through PETT (the Official Peruvian Entity in charge of the granting land titles to rural properties) in the process of formalizing the property; the technical work is to be carried out under PETT supervision and standards, accepted

by mutual agreement and delivered for approval and corresponding processing.

During the title-awarding process, both field and discussion work is under CI control; after this, the pre-registration files for each one of the properties pass on to be reviewed by a PETT supervision team. All files to be reviewed by PETT must be contained in a cadastral base map and each file must include all graphic information (maps) and textual information (information related to property-owners, legal status), to be able to continue on with the process¹.

A1. Progress made according to Work Plan

January-March 2005

Land Titles

- During this quarter, we established the boundaries (georeferenced) for 310 lots using GPS submetric precision technology, in 8 Communities distributed in 3 districts as follows:
- District of Padre Abad: locality of Santa Ana, Nuevo Progreso, Nuevo Paraiso

¹ To achieve the final product of delivering property registration certificates, a process has to be followed wherein Chemonics has to also interact with the INRENA, the Agrarian Agency, INC, Official Journal El Peruano and the Public Registry Office (SUNARP).

- District of Irazola: in the localities of Vista Alegre de Chia, Nueva Florida
- District of Curimaná: in the localities of Las Mercedes, Pueblo Libre, Agua Dulce
- 328 pre-registration files have been compiled for processing this quarter. To compile a pre-registration file, in addition to including the respective plans, the law requires that the beneficiary is registered and has presented all of the legal information required for such effects. The offset that occurs between the lots with set boundaries and those registered and considered apt, is explained by the non-compliance of the requirements set forth in Legislative Decree N° 667.
- The PETT-CI agreement which expired in March 2004, determined that all pre-registration files and cadastres surveyed were to be reviewed by Supervision Team. This work has now been completed for over 991 files. The table below shows that the files reviewed by this Supervision Team do not necessarily coincide with the files ready for registration in the Public Registry of Pucallpa. A number of different factors have contributed to the reduction of the number of files, despite having complied with the scheduled dates. The main factors influencing the reduction of files include: overprinted areas, undocumented individuals, the absence of one of the titleholders, lack of proof of property requirements, etc.

Total Progress as of March 31:

Table: Work carried out in the Aguaytía Region

<i>PROCESS</i>	<i>Quarterly progress</i>	<i>Total to date</i>	<i>% of Progress to achieve the goal</i>
Setting boundaries with GPS submetric precision technology	310	6127	142%
Registration (pre-registration files)	328	6019	140%
Files with final report issued by PETT Supervision	991	6019	140%

A2. Support to obtain National Identity Cards (DNI)

The Frame Agreement signed in the localities or communities accepting the voluntary and negotiated auto-eradication program offers to provide assistance to undocumented signatories and their families to obtain DNI cards (National Identity Card).

27% of the files that were prepared to formalize property ownership under the Land Titling Program were disqualified from registration and categorized as ***ineligible for registry***. Of these 27%, one third was disqualified because claimants had no identification documents and their titling procedures cannot be processed unless they have a DNI, as required by law.

In view of this, action has been taken to provide assistance for undocumented individuals who signed the Framework Agreement, their families and beneficiaries of the Land Titling Program. Following is a brief description of the action taken during the reporting period.

Aguaytia Region

- We organized three campaigns directed at undocumented signatories, which included coordination meetings with RENIEC and the municipalities. Pre-campaign work consisted in contacting local authorities, locating and identifying all undocumented signatories (census) and organizing the signing of the Donation Agreement with the municipalities.



- Assistance for obtaining the National Identity Cards (DNI) consisted of: transferring un-documented signatories to RENIEC's campaign locations, taking photographs, assuming DNI processing costs and assuming the cost of obtaining birth certificates nationwide.
- All three campaigns have completed the first stage. They include beneficiaries

who qualify for immediate processing and registration since they have complied with all of the requirements. Individuals whose applications for birth certificates had already been submitted to the municipality but had to be derived to other municipalities outside the Province of Padre Abad were not attended in these campaigns, as it is expected that these processes could take months before they obtain their birth certificates.

- The following table shows more detail on the advancement of these processes.

DISTRICT	Nº of un-documented people who have been registered	Nº of processes which have been started	Nº of Observed DNIs	Nº of Birth Certificates in process	Total persons attended
Padre Abad	722	46	34	11	91
Irazola	596	102	34	106	242
Curimaná	328	0	0	0	0
TOTAL		148	68	117	333

A3. Main Activities during the Quarter



- Quality control by PETT Supervision is enforced throughout the entire process, meaning that all compiled files have been reviewed and compared against the GPS survey results and maps. Finally, reports have been issued considering only those files deemed to qualify for proceeding to the next processing stage before the competent entities.
- Coordination work with PETT/Lima, to complete the work in the Province of Padre Abad has continued. In this sense, the decision has been made to begin working on approximately 1200 lots located outside of the Permanent Production Forest of Ucayali. To this end, PETT and USAID have been in constant communication and these works are scheduled to begin during the first week in April. The files will be submitted to a commission comprised of officers from the Lima office and the PETT's Pucallpa region who will assume the costs to pay the fees of these professionals while the PDA will offer support in everything related to logistics, without any additional cost to the project (PDA).
- INRENA has sent a draft agreement to USAID in order to validate the works associated to the classification of lands and exclusion of the areas subject to titling that are found within the Permanent Production Forest of Ucayali. PETT, in coordination with USAID, has been reviewing this agreement in order to return it to INRENA on the first week of April for signing. Commencement of the works has been planned with INRENA in parallel to those initiated with PETT in order to avoid duplicating efforts and to complete the titling works in a coordinated fashion. In this way, the files can be delivered to the Public Registry of Ucayali for final registration.
- Currently in Aguaytia, the Land Titling Program has now become the executor of actions required to formalize the property titles and is in charge of monitoring and coordinating directly with the activities to be developed by PETT and INRENA. In this way, there are less operational activities to attend. Accordingly, we have reduced our technical and administrative personnel so that we only have a minimum indispensable number of staff for the normal development of activities. Amongst those made redundant were also professionals making up PETT's Supervision Team whose contracts were terminated in February.

- PETT has provided the PDA with maps of the Chazuta and Juanjui areas to help us diagnose the situation of the lots for potential titling in 2005.
- A cost-reduction policy has been implemented for operations.

A4. Next steps

Aguaytía

- PETT and INRENA will finish the titling works for the properties located outside the Permanent Production Forest of Ucayali. This work, which has been negotiated with USAID, will last approximately three months. In parallel, we are working with PETT to see whether there is any possibility of initiating land titling activities with the remaining 4900 properties in the Province of Padre Abad. PETT is therefore seeking financing to contract qualified personnel and carry out this work, since PTT-PDA's commitment refers only to logistical support and the payment of property registration rights in the Public Registry.

Puerto Inca, Chazuta and Juanjui Region

- PDA formulated a diagnostic of the physical and legal status of rural properties in Chazuta and Juanjui, where we intend to start up Land Titling activities in May 2005.
- We have also planned to diagnose the status of the lots awaiting entitlement in the area of Puerto Inca. This is scheduled for the end of May of 2005.

Table: Work Areas for 2005

DEPARTAMENT	PROVINCE	PHASE	No. of towns	No. of Beneficiary Families	Nº Properties
HUANUCO	PUERTO INCA	PHASE I	17	1400	684
SAN MARTIN	S. MARTIN. M CACERES	PHASE I	49	5628	3379
SAN MARTIN	VALLE DEL BAJO HUALLAGA	PHASE II	20	1287	770
SUB TOTAL			86	8315	4833

A5. Constraints / Challenges during this Quarter

- The criteria of PETT/Lima have not been very uniform with respect to the completion of the property formalization activities in the Province of Padre Abad. Work was carried out during the months of January and February but Ucayali has not granted the official validation documents for the pre-registry files, arguing that the PETT-CI Agreement has not been signed.
- INRENA, in coordination with USAID and CI, will validate the land classification reports once the agreement which is currently undergoing processing, has been signed.
- INRENA, with the support of CI, will solve the legal problem derived from the incorrect registration of the Permanent Production Forests comprised within our work area.



A6. LESSONS LEARNED

- It is extremely difficult to work with public institutions such as PETT and INRENA since they can politicize activities at the bureaucratic level which produce obstacles to the ultimate goals of the program: providing titles to beneficiaries in PDA areas.
- It is very damaging to enter into agreements which do not go into to minor detail; the institutions take advantage of this to construe their meaning differently. In that sense, the agreement with INRENA and the operational plan with PETT specify each action to be followed.
- Sweep measurement over basins or micro-basins is more economical and faster than doing it by isolated communities.
- Permanent personnel evaluation and training is critical.

A7. RECOMMENDATIONS

- The initiation of activities involving lots located outside the Permanent Production Forest of Ucayali will no doubt affect and impede the progress of the works in Padre Abad as well as the initiation of PTT/PDA activities in other locations, and therefore we recommend that immediate action is taken to start up the activities previously coordinated with PETT.
- Formalize the agreement between INRENA and USAID, with the support of CI.
- Solve the problem that has been produced as the result of the incorrect registration of Permanent Production Forests in CI work areas.
- Continue attending undocumented citizens in the areas in which the PTT intends to operate in the near future.

B. Environmental Compliance: Present status of the PEA and its implementation

We have continued to apply PEA provisions and are gradually achieving standardization with respect to the implementation of the different procedures. The 45 reports drafted to date, include a review of the technical files and documents reprimanding contractor companies for non-compliance of the environmental commitments agreed upon.

Apart from the summary presented below in Table 3.1 Management Tools and Implementation of the PEA, we have made great efforts to coordinate with Infrastructure and regional offices: 110 infrastructure works were adjudicated just in the month of March.

Table 3.1 Management Tools and Implementation of the PEA

REGIONAL OFFICE	N° OF PROJECTS Attended		MANAGEMENT TOOLS PRODUCED					
			EAs		Inspections		Other reports	
	April-Dec 04	Jan-Mar 05	April-Dec 04	Jan-mar 05	April-Dec 04	Jan-Mar 05	April-Dec 04	Jan-Mar 05
Tingo María	56	12	14	2	43	5	0	5
Tocache	204	26	191	18	97	6	1	2
Aguaytía	172	51	388	0	146	18	45	33
VRAE	65	19	23	0	60	14	4	5
TOTAL	497	108	616	20	346	43	50	45

Other issues related to PEA implementation include the following:

1. The first audit was carried out on PEA execution. This was then followed by a workshop directed at all PEA parties and regional staff, to inform them of the

audit results. The final audit report is expected to be available by mid April 2005.

2. Permanent communication and coordination has been maintained with DEVIDA and USAID, as part of the PEA implementation strategy, as they are both key players in this process.
3. A number of training activities were conducted as well as inspection of works and projects and reviewing of documentation such as conformity with procedures and initial environmental assessments.
4. Initial environmental assessments for cocoa, banana, corn, bean and pineapple crops have now been standardized thanks to the preparation of EAI formats (templates) for production projects. These have been approved by the CSE.
5. Field work carried out prior to the execution of road works determined the lack of viability of a number of intended works, in view of their inherent environmental risk.
6. Georeferencing and data automation for rural roads revealed a series factors implying adverse impact on the environment, such as stretches of road entering forest concessions and forest areas. Discussion work provided the base on which to carry out macro analysis of the different roads intended for reconditioning and in many cases, determined their cancellation.

Chapter 5: Communications

A. Strategic planning process for communications

The reporting period has shown improvements in the regional planning process. The regional operation plans will now be applied on a monthly basis due to the present socio-political situation. This allows for greater flexibility required by a program such as PDA, while also giving it more exposure and media coverage.

The strategic planning process has been more emphatic during this quarter. Following its approval in the first Technical Committee held in January 2005, the final version of the Regional Operation Plans marked the formalization of the beginning of planned intervention in communications.

After official approval of the plans, the following activities were carried out in January:

- In the second week in January, the plans were sent and vetted with DEVIDA's Regional Offices, the heads of each Regional Office and with the persons in charge of the communications component. With these activities, each field of activity officially began the planned strategic communications process.
- Moreover, evaluation of the personnel charged with the communications component began in the Regional Offices of VRAE and Tingo Maria. This evaluation was carried out in accordance with the agreement and the new work model intended for communications.
- The evaluation process was complemented with meetings with the Technical Committees (CTR: Comité Técnico) from each region visited, as well as meetings with the Network of Communicators for the Development of the Amazon Basin of Huamanga and Huanta and the VRAE.
- The preliminary draft for the Communications Platform in areas of Public and Institutional Opinion was completed.

February reported the following:

- The month of February was strongly marked by socio-political instability which affected the progress and development of our strategic planning activities. Discussions were held on the need to construct monthly plans and schedules.
- After evaluating the personnel charged with the communications component in the different Regional Offices, it was decided that it would be convenient to transfer some of the social communicators to other offices.

- We are presently working on hiring a new social communicator for the VRAE. We received a number of CVs and selected an anthropologist and a social communicator. Both were then disqualified on personal and technical grounds.
- The preliminary draft for the Communications Platform in areas of Public and Institutional Opinion was still awaiting comments by CI's Central Office, in February.

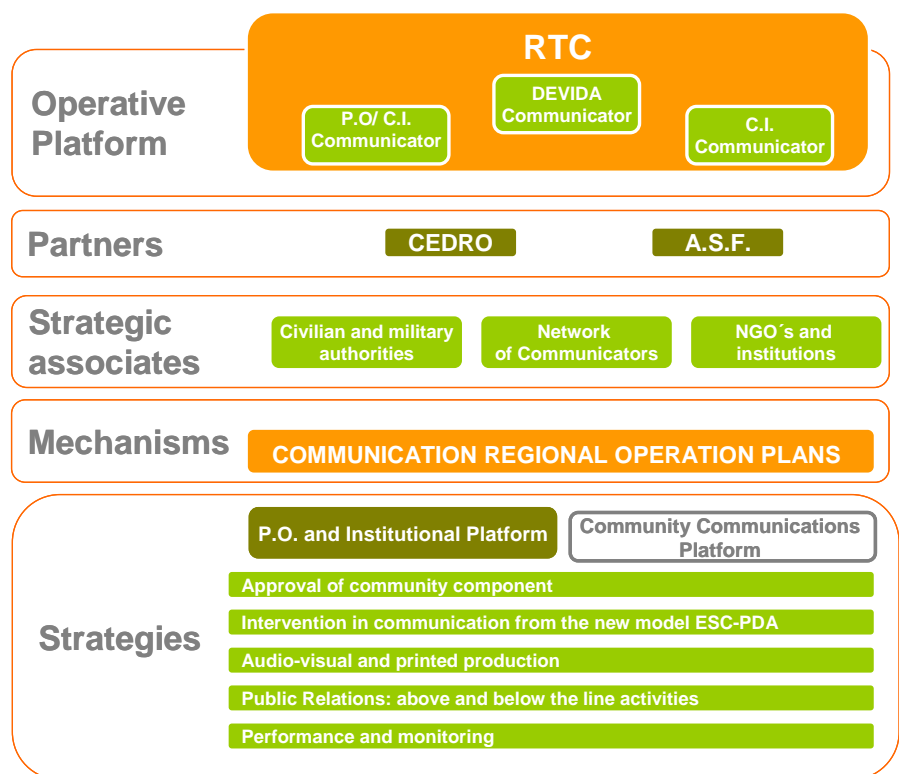
In the month of March, the communications component was able to participate directly in the development of a number of activities in each of the Regional Offices. This helped to deepen development and fulfills the established objectives. The results for March are:

- In view of the socio-political situation affecting the program in February, a new strategy that calls for the preparation of monthly schedules was proposed to become effective as of March. This period runs from March 15 to April 15 in Tingo Maria, Tocache and Aguaytia. In the case of VRAE, the period was extended to April 30.

Work logic at the regional level is directed at reinforcing a work space in which the combined efforts of institutions, negotiated planning and a shared strategic perspective converge.

**Strategies
and
Operative
Mechanisms
of
Public
Opinion and
Institutional
Platform**

PDA'S JOINT COMMUNICATIONS STRATEGY



- The Regional Operation Plans approved by the Central Technical Committee are being developed in all of the areas of intervention.
- In the VRAE Regional Office, it was decided to execute a plan for immediate action from the location of Huamanga, in view of the socio-political situation. We now have a permanent consultant in the area, who began working once the situation had calmed down.
- A call for a social communicator for VRAE was published in the major newspapers in Ayacucho and Cuzco. 12 CVs were preselected. This implies that the Communications Manager had to travel to the different locations to interview the potential candidates.
- Communications specialists at the central office permanently follow-up the activities of the regional offices. Compliance of all programmed communication activities is always monitored.
- We have accompanied and covered the communications aspects during the different inspection and reconnaissance visits made by USAID and CI personnel to the different areas.

B. National Public Awareness Campaign 2005 - Phase III

The public competition for the development of the National Public Awareness Campaign for 2005 started-up in March. According to plan, the creation and implementation of the total number of creative segments is scheduled to be carried out between April - May this year, becoming effective in the media as of the first days in June. As before, the competition and conceptual definitions phase involved a number of different executors and PDA members

- The pre-selection of agencies started towards the end of February (Feb. 22), by requesting credentials from Lima's leading publicity agencies.
- We then proceeded to review this information according to the qualification criteria defined and jointly agreed upon by the USA Embassy, DEVIDA, USAID and PDA.
- A PDA team visited five of the eight pre-selected agencies, in order to directly verify their respective creative and technological capacities and check that in effect, these match the services offered by them in their proposals to PDA.
- Three agencies were finally selected: PROPERU, Publicidad CAUSA and Pragma DDB. These then continued to the bidding process. The three agencies then received the same creative briefing for the national campaign corresponding

to this phase, as well as other relevant information for the preparation of their creative proposal.

- On Friday, April 15, the three qualified agencies submitted their creative proposals.
- The final decision will be taken by consensus by the USA Embassy, USAID, DEVIDA and PDA, on the basis of the quality of the creative proposal and the content of the financial proposal.

C. Promotion and dissemination of PDA's activities in the regions

During the reporting quarter, the communications' area continued to broadcast daily and weekly radio programs designed to promote the program's activities and establish the foundations for much more consistent action with objectives and results incorporated into PDA's Joint Communications Strategy

Dissemination of the PDAP through regional media

- During the reporting period, we continued to market PDA's promotional mix according to the following program:

Example of 1 hour radio programs:

Product	Frequency	Period	Nº of programs	Area	Total Nº of programs broadcast ed
1 hour radio programs	Monday to Friday	Feb 15 – March	1	Tingo María Aucayacu Puerto Inca Pucallpa- Aguaytía	150
1 hour radio programs	Monday to Friday	Feb 15 – March	1	VRAE	30
1 hour radio programs	Monday to Friday	Feb 15 – March	1	Tocache - Juanjuí – Uchiza- Tarapoto	120

Example of Weekly Radio Programs

Product	Frequency	Period	Nº of chapters	Area	Total Nº of chapters broadcasted
Soap Opera III: “Almendra, Corazón de Selva”	Monday to Friday	February/ March 15th	30	Tingo María Aucayacu -Puerto Inca Pucallpa- Aguaytía- VRAE- Tocache - Juanjuí – Uchiza- Tarapoto	300

Product	Frequency	Period	Nº of programs	Area	Total Nº of programs broadcasted
1 hour weekly radio programs	Saturday	Feb 15 th - March	1	Tarapoto	5

Regional promotion and mobilization centered on PDA***Radio soap opera III: “Almendra, corazón de selva”***

- This was started in January by the production team of the Instituto de Comunicación para el Desarrollo (ICD), to whom this product has been subcontracted, under the supervision of the communications area. It is being produced in Tarapoto.
- Broadcasting of this soap opera started on February 15 and reaches most of the areas of intervention, but not VRAE.
- A total of 30 chapters of “Almendra, corazón de selva” were broadcasted.
- The communications area’s production team has held informative meetings with the team in charge of evaluating the impact of the soap opera.

Female Leadership Competition

- This competition was launched on January 10, through a series of press conferences carried out in the areas of intervention. A series of interviews carried out in different media channels as well as press releases prepared by our promoters on a regular basis to distribute to the local media were also part of the strategy.

- The contest was supported by approximately 25 local governments, 10 towns and number of different base organizations.
- Giant posters and amphorae advertising the competition were place in radio stations and municipalities. Local promoters worked to attract the attention of female leaders of different organizations and other leading women, inviting them to participate through either written or tape-recorded stories.
- The contest entitled “Mujer, Historias de Vida” was declared officially closed on February 15 in all of the areas of intervention. By then we had received over 450 stories of women in PDAP areas of intervention. The letters were then read by the ICD-Manuela Ramos team.
- The qualifying jury, conformed by Victoria Villanueva (Manuela Ramos), Frida Delgado (RPP), Antonio Brack (environmentalist) and Marcela Cárdenas (USAID) elected the 6 winning stories. Four additional stories were then included so as to include stories from every one of the valleys in which the PDA works.
- After the jury had decided on the ten winning female leaders, a workshop was organized for March 28 -30. The themes addressed and developed with the women who won the contest were: leadership, domestic violence, human rights and gender issues. A separate interval was dedicated to PDA advancement.
- The prize-giving ceremony took place on March 31 in Manuelita Sáenz’s house. Top DEVIDA, USAID, USA Embassy and PDA officials attended the event.
- We are currently fine-tuning the activities that have been proposed for the medium-term, intended to be carried out by these female leaders; i.e. giving them 1 hour of radio time on PDA’s radio programs and inviting them to become involved in the Community Communications Platform.

Radio producers’ contest

- The contest organized by PDA through Publimedios, for the production of 1-hour radio programs was highly successful. It was carried out at corporate level, which meant that participants had to form companies in order to qualify. This condition was strategically designed to formalize local audiovisual production organizations, and it is expected that once formalized, these companies will evolve towards a better future in other assignments unrelated to PDA activities.
- Once the companies had been selected, the pre-production, production and broadcasting of the radio programs in the areas of intervention began (second half of February).

Reorganizing regional publicity

- The subcontractor agreement we had with Publmedios concluded in January. Their mission was to contract radio times for programs and spots. New calls for tenders were published for a new contract. CNR, Asociación Calandria and Publmedios were invited to participate in the tender. Publmedios was awarded the contract.

Audiovisual Production

- The CSE documentary is currently in the phase of final editing.
- The script for the first news documentary on PDA has been finished, and we are working on selecting the segments.
- A regional advertising campaign was carried out and will be disseminated as from mid- April.
- The photographic file has been completed and we now have over 2000 pictures related to infrastructure, production, titling, community participation and other social-type photos.

The following graphic materials were also produced:

- The design for leaflets informing on PDA activities (four leaflets) was completed.
- The Guide for PDA Facilitator Agents was produced. Learning material directed at the facilitator agents working in the areas of intervention, was prepared in conjunction with the Socialization area.
- The Guide for Facilitator Agents is currently at the printers. The consultation material directed at facilitator agents working in the areas of intervention, was prepared in conjunction with the Socialization area.
- The Manual for the Coordination Committee of the Frame Agreement is undergoing diagramming. The learning material directed at the Coordination Committee of the Frame Agreement, is being prepared in conjunction with the Socialization area.

Interconnected production center

- We are currently purchasing the equipment to be implemented in the audiovisual and graphic interconnected production center, which will enable us to provide immediate response to the demand of information material for regional dissemination.

- The plans for the acoustic set-up in the audiovisual production center have been approved.
- We have also completed the design for the operation of PDA's regional communication areas, which strives to strengthen it via two basic work platforms: one is a Community Communications Platform and the other a Public Opinion and Institutional Platform. The latter will contribute to step-up efficiency in the production center and eventually pave the way to possibly implementing regional production centers during the second semester in 2005.

D. Community Communications Platform

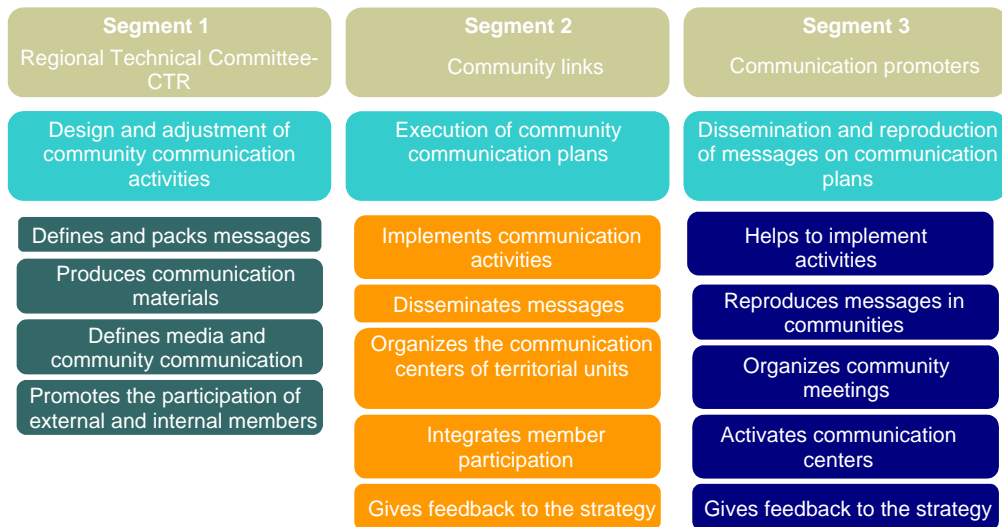
The technical proposal for the Community Communications Platform has been concluded, reviewed and approved by the Communications Technical Committee. During the reporting quarter, pilot programs were prepared for its implementation in the regional offices of Tingo Maria and Aguaytia. The roles of our co-associates in this proposal have also been defined.

The main activities undertaken during the reporting quarter include:

- Design and implementation of the pilot program for the Community Communications Platform, in the offices of Tingo Maria and Aguaytia.
- Monthly planning of community communication activities by regional office.
- Design of joint community intervention activities, together with the facilitator agent components.
- Introduction of personnel from regional offices into the Community Communications Platform.
- Creation of the manual for coordination committee of signatory communities.
- Preparation of the technical proposal for the implementation of a program designed to enhance skills in community and intercultural communications.
- Design of a proposal to include empowering female leaders in the community communications plans.

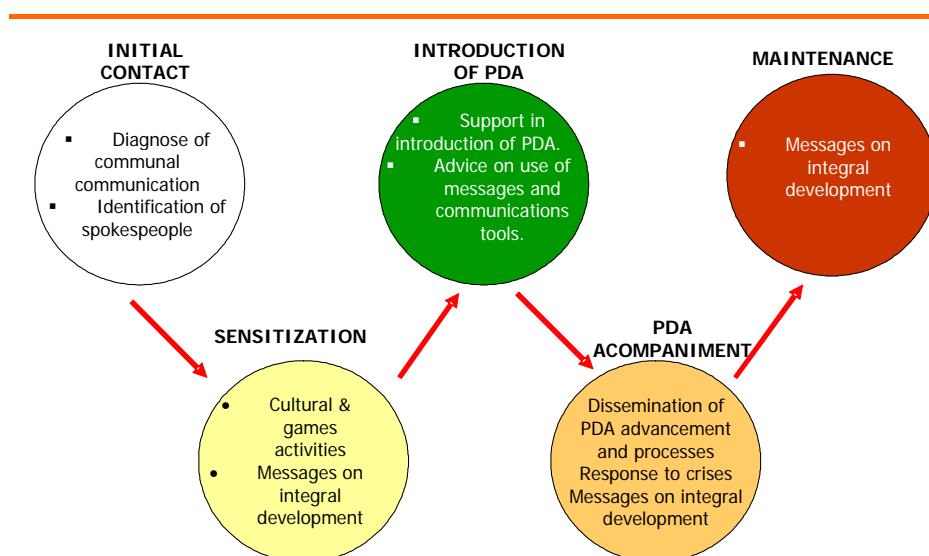
The community communications platform contemplates one intervention per segment. Each segment has a defined function according to the following outline:

Intervention Segments



- The process through which the activities of the community communications platform will be linked to the program's logic has also been defined.

Stages of Community Communication



E. Evaluation and construction of indicators

Evaluation plan and indicators

- The first final version of the Evaluation Plan for PDA's communications area has been concluded. This plan includes a conceptual framework, proposes models for behavioral changes and includes the indicators, both for those linked directly to the DEVIDA, USAID and PDA Joint Communications Strategy, and those involved in the Regional Operation Plans.

Base line

- PDA's Communication area's base line was successfully executed. This will enable us to assess the behavioral change of farmers and throw light on how the public opinion views us until 2007 (in conformity with the program's objectives).
- This entailed designing questionnaires, selecting the samples and starting-up the fieldwork for the baseline study for the communications component in PDA beneficiary communities.
- Samples were also designed for, and surveys were carried out in cities such as Metropolitan Lima, Huanuco, Pucallpa, Huamanga, Tingo Maria, Tocache, San Francisco and Aguaytía. Additionally, there was one sample which included opinion leaders from the four areas of intervention.
- At March 2005, the final reports of the base line of the Communications area were in the final corrections phase. These have been organized into three reports. PDA-benefited farmers, public opinion in Lima and other cities; and opinion leaders from the four areas of intervention.

Evaluation of the National Sensitization Campaign

- An ex post assessment of impact of the National Sensitization Campaign was carried out. This was carried out in all of PDA's areas of intervention and in Metropolitan Lima.
- It was submitted to the communications technical committee (USAID, DEVIDA, PDA) and served as a basis on which to decide whether or not to replace the advertising agency.
- This assessment was an important part of the analysis which determined the new conceptual framework, under which the National Sensitization Campaign for 2005 is being executed.

Regional media monitoring

During the reporting quarter we continued to use the local and regional media monitoring systems, covering:

Region	Cities
Huánuco	Huanuco, Tingo María, Aucayacu
Ucayali	Pucallpa, Aguaytía
San Martín	Tarapoto, Tocache y Juanjuí
Cusco	Quillabamba
Junín	Satipo
Ayacucho	Huamanga, Huanta, San Francisco

The table below shows the monitoring results for the reporting quarter:

Product	Number
Daily reports	90
Weekly reports	17
Monthly reports	3
Flash news spots	18

F. Summary of results

- The Strategic Planning Process was consolidated at intervention area level, achieving the following results:
 - Regional operation plans in line with the PDA's Joint Communication Strategy, were designed and are now undergoing execution in Tingo María, Tocache, Aguaytía and San Francisco.
 - All of the areas of intervention now work on the basis of monthly schedules for operation plans. This allows for greater flexibility to execute the activities.
 - Regional Technical Committees for Communications (with the co-participation of PDA, DEVIDA, CEDRO and other partners and associates) are now installed and operating in Tingo María, Tocache, Aguaytía and San Francisco.
- We now have a technical proposal for the development of a permanent communication system with PDA's participating communities. This proposal has been approved by the PDA's communications technical committee, integrated by USAID, DEVIDA and PDA.

- On the basis of the above, an intervention pilot program in community communications has been developed and, at the time writing this report, is being executed in Tingo María.
- The terms of reference for a new agreement have been developed with the help of CEDRO, in its capacity as subcontractor. This will primarily be focused on the deployment of community strategies and activities.
- We have now defined the new physiognomy of PDA's communications areas in its areas of intervention, to be executed on the basis of two separate branches: (i) community communications and (ii) public and institutional opinion.
- The work of the regional technical committees has been consolidated. These committees articulate the efforts and plans strategies for the different operations of PDA, for USAID associates and for other civil society and State sectors.
- Broadcasting and advertising has been reorganized efficiently in the regional areas of intervention. Production of PDA radio programs has been concluded in ten locations within the areas of intervention.
- We have a PDA Communications Evaluation Plan, based on indicator readings and the baseline for the Communications component. This which will enable us to measure the impact of PDA interventions at community level (change in behavior on the part of farmers) and of public opinion until the end of the program in 2007.
- We now have a complete bank of digital photographs and video images on PDA's main activities within the 4 areas of intervention.

G. Lessons learned

- Permanent community intervention is indispensable for promoting behavioral changes, meaning that farmers and their families switch from depending on illegal crops for their livelihoods to living off legal, coca-free, productive activities.
- Nevertheless, this community intervention must take place simultaneously with the consolidation of the regional work, which also bears on public opinion and on local institutions. This will only be possible in so far as the regional technical committees (which gather operators and PDA associates) are installed as permanent entities of reflection and planning.
- Because of the demand generated by the great challenges proposed, it is going to be necessary to restructure the communication regional offices and the profiles of the regional communicators, so as to differentiate their work (there will be two communicators per area of intervention, in conformity with the technical proposal approved by the technical committee) from community communication and public and institutional opinion.

- It is also indispensable to articulate the different PDA components (CSE, infrastructure, socialization, property titles, natural resources and environment), if we are to reduce to the occurrence of community conflicts originated by the dissemination of half-truths or otherwise misleading information. On this point, it is important that Communications and Socialization integrate strategies and activities at community level.
- It is essential to register the advancement of the program on a continuous basis, so as to develop audiovisual and graphic images to satisfy the enormous demand of information required to supply the areas of intervention.

H. Activities for the next quarter according the operation plan

- Design and implement the Public Opinion and Institutional Platform, (the other fundamental axis complementing the Community Communications Platform) that will help to support all of the activities projected to be carried out in the areas of intervention.
- Start-up the community communications system as part of implementing the Community Communications Platform.
- The design and implementation of the community communications plans per Intervention Units under the new approach. This will be carried out jointly with the Socialization area and will be initiated in the Yarina intervention area.
- Start-up the Audiovisual Production Center to full capacity at central level and seek the best operation mechanisms to maximize dissemination in the areas of intervention.
- The design and implementation, at regional level, of information generating centers and of permanent work with the media and network of authorities, leaders and institutions linked to the execution of the PDA.
- Implement a program to boost the communication skills of agents who are both internal and external to PDA, so that they may improve their communication channels with the communities.
- Prepare a map of partners and other players connected to PDA so as to identify any common areas and strategies for communicative intervention.
- Design a technical proposal for producing educational communication materials to facilitate the dissemination of PDA's objectives, concepts and processes towards new communities targeted for PDA intervention this year.

CHAPTER 6 : Monitoring and Evaluation

The primary objective of the Performance and Monitoring System consists of offering reliable information on the status and progress made in connection with project management, to facilitate managerial decision-making and thus guarantee efficient operations, offer support to the activities carried out by the Mission's projects and programs and create an ongoing learning environment.

A. Monitoring System: Specific objectives

Activities during the January – March 2005 quarter have focused on:

- Improving the central database, as this is the core axis supporting the Performance and Monitoring System. The PDA now has a large database which is also solid and reliable.
- Improving database management. This entailed providing decentralized training in all of the regions on the use of “intelligent programs” designed to capture information, and on the use of CorVu, which is also used to draw up reports, analyze information and make decisions.
- Releasing and putting contract modules on-line. These are fully integrated to the infrastructure and production modules.
- Continuing to implement the automatic processes for the generation of information in compliance of R-372.
- Integrating system information with mapping elements (GIS) and publishing them on the WEB for reference consultation.
- Integrating the Performance and Monitoring System with external entities: USAID and DEVIDA.

The above-described objectives resulted in:

- A modified database which can now allow for supervision and control at the level of communities/Frame Agreement signatories. This enables overall control of detailed information and also helps to crosscheck details such as: signatories, farmers reported by CADA, bonus payment beneficiaries and production project beneficiaries.
- The creation of a new concept which consists of an analytical framework known as “R-372 community cards.” This helps us to have a better understanding of the state of compliance of the obligations of both the communities (auto eradication) and of PDA (benefits). These cards are created automatically on a daily basis and published on the web to inform and to be used by all PDA and USAID players.
- Trained regional personnel committed to the final processing and cleaning of regional information; capable also of generating and analyzing information using CorVu Business Intelligence software and thus reduce dependency on Lima for the generation of information.
- GIS system on the WEB for on-line information consultations.
- Possibility of on-line access to the centralized Performance and Monitoring system database from USAID offices, only for authorized users.
- Generation of a set of files with updated information to be used in DEVIDA's SISMED system.

The activities developed by the working group responsible for implementing the Performance and Monitoring System, corresponds to the PDA Work Schedule for 2005, which, amongst others include:

- Infrastructure and Systems
- Website
- Business Intelligence System
- Geographical Information System
- Training
- Online integration of other project players (USAID-DEVIDA)

B. Infrastructure and IT Systems

Lima Office

Internet access to the servers assigned to the Performance and Monitoring System is now completely independent from Chemonics' servers. Firewall software was installed and configured to make access controls independent and protect the Performance and Monitoring System.

The design of the centralized relational database was designed, perfected and made coherent to make it beneficiary-friendly. The system now has integrated information for Socialization, Infrastructure, Production Projects, Auto eradication, Bonus Payments and contracts.

The database receives information on-line from the Regional Offices, by means of a series of programs which have been specifically created for this purpose.

Regional Offices

The Performance and Monitoring server belonging to the Tocache office was moved to the Juanjui office and is now 100% operative.

Socialization, Infrastructure, Production Projects, Security and CSE officers working at regional offices, were trained on the use of intelligent programs designed to capture information and on the use of CorVu Business Intelligence software.

The information stored in the central database in Lima is continuously updated at the Regional Offices through programs designed to capture information from the Performance and Monitoring System.

USAID/Peru Servers

Upon obtaining authorization from IRD for the installation of CorVu software in a number of PC's housed in USAID offices, this was installed and configured in such a way that USAID offices now have on-line access directly to the Performance and Monitoring database in PDA's central offices.

Connections configured include:

- Web Kit: WEB connection for final users, who can see the information via CorVu (CorBusiness) objects previously created and published in the WEB by PDA's monitoring area.
- CorVu Java: WEB connection for developer users, who may make their own information consultations and CorVu (CorBusiness) objects for internal use, directly and on-line on the SM&E-PDA Monitoring system's database.

The implementation of all this means that it is no longer necessary to install a server in USAID with an exact copy of the SM&E-PDA Monitoring system's database.

Integration to the SISMED – DEVIDA System

As a first stage of this integration process, we have installed automatic generation processes for a set of files (once the structure had been defined with DEVIDA officers) so that they could be imported to DEVIDA's SISMED system.

This information contains details regarding socialization, eradication, bonuses, infrastructure and production projects, which is generated on a weekly basis every Friday and published in the monitoring page (WEB) for access by DEVIDA officers who then integrate it into their SISMED monitoring system.

Results of Infrastructure and IT Systems

- Database is updated on a daily basis, on-line
- Contract modules have been released and are being used on-line; they are automatically integrated to the Infrastructure and Production modules
- Creation of R372 community cards which help us to understand the status of compliance with obligations, of both the communities (auto eradication) and the PDA (benefits). These are updated daily through automatic server processes
- These cards serve as instruments on which to begin community negotiations, and from which to prepare a Compliance Program
- Web publication of community cards, maps and data files for downloading
- Relocation of independent, administration-friendly servers
- Regional personnel has been trained to enter, process and analyze data
- Authorized USDAID officers now have remote access to the centralized database and by using CorVu Intelligent Business software, may now generate their own information on-line
- Generation of information to be integrated in DEVIDA's SISMED system

Pending:

- Synchronization works to transmit data from Regional Offices to the Head Office.

- Integration of information from entities executing the Mission's projects, to the central Performance and Monitoring System.
- Update and improve regional USAID and DEVIDA officers' knowledge and skills on how to manage the CorVu Business Intelligence program, to ensure that they optimize and maximize the use of this tool.
- Integrate information related to Property Titles, Communications and Environment to the Performance and Monitoring System's database.

Recommendations:

- The updating and improvement of regional USAID and DEVIDA officers' knowledge and skills on how to manage the CorVu Business Intelligence program should be programmed for April.

C. Website

1. During the reporting period, we have consolidated access to the pertinent domain address www.pdapperu.org as a point of entry for information relating to products generated by the Performance and Monitoring System.
2. The new distribution of the contents of the Performance and Monitoring Information System site, is made up of the following categories:
 - *Analysis:* Based on the results of the R-372 cards for each Area of Intervention, coca and derived product prices (published monthly by DEVIDA) and results of the 2004 Impact Survey.
 - *Mapping:* Operation of the new version of the Digital Mapping Server has been consolidated, and is linked to databases (ArcIMS 9).

Available at the time of writing this report are the maps for: *PDA Areas of Intervention and Signatory Communities* (R-372), *Coca Areas* represented in coca valleys, *Historic Density of Coca Per Area* from 1996 through 2002, *Coca Fields surveyed by CADA*, *CADA Measurements for each of the four Areas of Intervention during the 2003 – 2004 period, including Life Zones* (Holdridge classification) for PDA areas of intervention and *Protected Natural Areas*.

Maps in JPG and PDF format were also published in A4 and A3 sizes, for those final users who do not have extensive experience in the use of the above-mentioned tools, but at least know how to insert graphic files (images) in Office applications (word processing, presentations, spreadsheets).

In the next stage we will begin to implement – apart from a number of additional thematic maps – a bank of SHAPE format files, compatible with ArcView, so that the final users with experience in the use of programs to construct digital maps may have the facilities to create custom-made maps.

- *Reports:* We have implemented a set of files which form part of the weekly and monthly reports submitted by PDA to USAID and DEVIDA. The reports currently available are:

a. Weekly Report:

- i. *Executive Summary*
- ii. *Objectives*
- iii. *Auto eradication*
- iv. *Coca reduction*
- v. *CADA Communities*
- vi. *PDAP Agreements*
- vii. *List of communities*
- viii. *Coca-free communities*
- ix. *Bonus payments*
- x. *PDAP – DEVIDA Coordination*
- xi. *Security*

b. Monthly Report

- i. *Executive Summary*
- ii. *Objectives*
- iii. *Auto eradication*
- iv. *Coca reduction*
- v. *CADA Communities*
- vi. *PDAP Agreements*
- vii. *List of communities*
- viii. *Coca-free communities*
- ix. *Activities*
- x. *Subcontractor Reports*
- xi. *Communications*
- xii. *Infrastructure*
- xiii. *Production Projects*
- xiv. *Natural Resources*
- xv. *Coordination with DEVIDA*
- xvi. *Bonus payments*
- xvii. *PDAP – DEVIDA Coordination*
- xviii. *Security*

c. Executive Alerts

- i. *Programmed Bonus Payment vs. Executed Bonus Payment*
 - ii. *Community rejection*
 - iii. *Infrastructure Priorization vs. Infrastructure Execution*
 - iv. *Auto eradication*
- *Documents:* This section comprises all of the digital documentation produced with the communities with which PDA works, i.e. fax copies of the Frame Agreements, letters of invitation to CADA, registries of all of the communal assemblies held in connection with PDA, addenda to agreements, etc.

To date, over 11,000 documents have been digitalized and we are now passing on to the stage of ordering them according to the structure of the Performance and Monitoring System's central database. This should enable us to achieve greater interaction with other product applications.

- Links to other IT Systems: Currently, we have a link to DEVIDA's Performance and Monitoring System and internet access to the capturing applications developed to capture data entered into the system at PDA's regional offices.
- Other means: This section is under construction and will include themes related to media monitoring in PDA areas of intervention, Reports of PDA's performance, photos and streaming videos.
- Downloads: This section includes files generated by the IT System that are intended to be downloaded in Excel, CorVu and HTML-compatible formats. We have worked on three main groups of documents containing community information such as: (1) by invitation from CADA, (2) by invitation from CADA without measurement, (3) with CADA measurement, (4) with Measurement without Agreement, and (5) with non-fulfillment of eradication with respect to CADA measurement. Data for Verification of PDA's activities during 2004 by DEVIDA are also included and the Database Transformation section contains PDA data adjusted to the database structure used by DEVIDA.

This section also comprises an area for the graphic analysis of the situation of the R-372 communities, access to objects via CorVu WebKit and a Chat module.

The following steps consider work directed at configuring hardware and process automation. Amongst some of the tasks still pending are: the reconfiguration of the cluster servers to be used by the central database, web publication, automatic transmission of data between the institutions involved and the configuration of physical firewalls in order to adjust security measures.

D. Business Intelligence System

The Business Intelligence System is now installed and operative. According to the Datawarehouse model, we have proceeded to develop different analytical routines using executive alerts, graphic-type analysis, dynamic reports and programmed tasks which are automatically executed. Due to the changes made to the database design, we proceeded to recompile all of the objects developed and integrate new ones.

Development efforts for the business intelligence systems were re-prioritized for the second quarter of 2005. This development includes the programming necessary for the automatic updating of management indicators.

Prior to this, we will focus on the tasks of this first quarter in 2005 towards providing a solid and reliable database as this is the main axis of the Performance and Monitoring System from which all data is released to the regional offices. These tasks are essential to the efficient execution of the new intervention strategy for 2005.

Results:

- CorVu-developed modules have been installed in the Socialization, Monitoring, Production Projects and Infrastructure areas so that users working within the Project may use this information to help them in their work.

This information is used for the internal management of the PDA, both for analysis and for decision-making. It is also used to automatically generate the periodic reports to be sent to USAID.

Each module has its own documentation regarding both the technical aspects and objectives.

- We have carried out the necessary tests to ensure efficient operation of the Performance and Monitoring System using different forms of access: via Client/Server, via Web (CorVu WebKit Module) and Java (CorVuJava), obtaining satisfactory results for each of these alternatives.
- Access from USAID's offices to our database has been configured using CorVu WebKit modules (Web Access to CorVu objects that have previously been developed; directed at final users) and CorVuJava (Web access for the development of CorVu objects On-Line; directed at developer users).

Pending:

- Development of management modules for the contracting area. This is scheduled for April - May 2005.
- We are presently consolidating and validating the data provided by the Center for Economic Services, Land Titling, Security, Natural Resources and Communications divisions to incorporate it into the centralized database structure and thus facilitate the preparation of the forms for capturing data and reports of each one of these divisions.
- Total integration of the Business Intelligence System into the control panels and strategic maps.

Limitations:

- Human Resources are presently in a transitional stage regarding the use and application of these tools.

Recommendations:

- Management should undergo thorough training and reinforcement courses to refresh their knowledge and skills on the use of this tool. This would help them to become more familiar with the programs, work more productively and overcome the fear of being part of an inevitable process of technological change.

E. Geographical Information System (GIS)**a. Inventory of PDA's digital maps**

To date, inventory has been carried out on all of PDA's digital maps. The aim is to construct a stock of digital maps to satisfy the requirements of all users familiarized

with the use of software packages such as ArcInfo or ArcView, and who have the capacity to construct all of the maps using these sources, as required. The intention is to have these maps available on-line for downloading from Internet through PDAP's intranet.

At the moment, we have approximately 1,150 files in SHAPE and DWG format (Standard ArcView and AutoCAD) for the Program's areas of intervention. In addition, 42 projects (APR format) are available in ArcView.

b. Beginning the construction of the Digital Atlas

Works have begun for the construction of the Works Atlas, running from year 1995 through 2002 and for the Production Projects Atlas.

The databases related to this task do not link works to specific coordinates but to communities; this is going to need amending by GPS plotting on the actual field.

c. Integration of DEVIDA – PDA community databases

As a result of the Performance and Monitoring System meetings held by USAID, DEVIDA and Chemonics, a data exchange process has begun in an effort to standardize the information used by these three institutions. This includes the incorporation of 1,185 PDA communities contained in the DEVIDA database. This represents a first exercise integrating information from both sources.

Constraints:

Notable lack of benchmarking parameters for geographical reference, which would help us to locate communities, works and projects more precisely.

The non-implementation of coordinates to classify towns (*ubigeos*) creates confusion with respect to the names of the different communities.

Recommendations

Integrate a single database for all of the institutions working in the Alternative Development Program, so as to have identical positions for coordinates. This is valid for communities, works of infrastructure and production projects or any other element one wishes to represent in PDAP maps.

F. Training

Regional Office personnel were trained to use and administer the programs designed to capture information, so that staff working in the Regional Offices may continuously update the information in the Central Offices.

Regional Socialization, Infrastructure, Production, Security and CSE officers received training in the use of CorVu Business Intelligence Software.

Results:

- Information empowerment and awareness of the importance of efficient management and administration of data by regional officers.
- On-line information can now be entered into the system directly by the source generating it (*Socializadores*, Infrastructure personnel, Production Projects personnel, etc.)
- Data is guaranteed to be consistent and purged, ensuring a reliable and integrated system.

Pending:

- Still pending is the training foreseen in PDA's 2005 Work Schedule, which contemplates different training times for different types of users.

Recommendations:

- It is advisable to promote the active participation of staff in these training sessions even at this development stage, as this is important to the success of this change-over process. Only in this way will the system provide them with the information they require to manage each of the areas.
- IT personnel should all be adequately trained as it is important that they are skilled enough to meet the challenges implied by ever-changing technology and use PDA Project resources to their maximum capacity.

G. Interinstitutional Work

The Interinstitutional Performance and Monitoring Committee was implemented for coordinating the activities and products to be developed. The Committee is made up of officers working in USAID, DEVIDA and PDA's Performance and Monitoring divisions.

One of the first results produced by this Committee has been the R-372 community card which has served to influence decision-making in PDAP, USAID and DEVIDA.

The structure for the files to be generated by the Performance and Monitoring System (SM&E-PDA) was defined in conjunction with DEVIDA's Performance and Monitoring System officers, in order to ensure their smooth integration into DEVIDA'S SISMED monitoring system.

The release of web page www.pdapperu.org/monitoreo has served as an instrument through which to access the information set forth by the different interinstitutional committees for on-line publication, while at the same time, giving users the opportunity to consult or download this information into their computers. To this end, a series of different areas to download information have been defined, in a variety of commonly used formats.

Recommendations:

- Deepen the integration of other USAID programs into the PDA M&E system. We will begin this in the next quarter with data from USAID's education programs; we will continue to effect coordination with other areas of USAID and DEVIDA in order to obtain more information that will strengthen PDA coordination with other programs.

ANNEX 1: Administrative and Financial Report

A. Administrative Report

A1. Contracts and Grants

During this quarter, the project signed 88 subcontracts and 41 work orders, totaling S/.16,791,430 (\$5,166,594), as shown in the table below:

Fixed Price Subcontracts	No	Value S/.	Value US\$
Infrastructure	80	7,244,209	2,228,987
Total	80	7,244,209	2,228,987

IQS (Work Orders) - Infrastructure	No	Value S/.	Value US\$
Work Orders - Construction	35	6,901,507	2,123,541
Work Orders - Design	2	13,518	4,159
Work Orders - Supervision	4	193,081	59,410
Total	41	7,108,106	2,187,109

Cost Reimbursable Subcontracts	No	Value S/.	Value US\$
Economic Service Centers	8	2,439,115	750,497
Total	8	2,439,115	750,497

Additionally, we signed 28 grant agreements valued at S/.6,130,593 (\$1,886,336) as shown below:

Grant Agreements	No	Value S/.	Value US\$
Infrastructure	10	2,432,532	748,472
Natural Resources and Environment	3	59,876	18,423
Land Titling	2	11,252	3,462
Economic Service Centers	13	3,626,933	1,115,979
Total	28	6,130,593	1,886,336

A record number of new subcontracts and grants were awarded under the PDA program during this quarter. In support of the implementation phase currently carried out by the Infrastructure team, the contracts department logged, reviewed, and awarded, ***the largest number of subcontracts/grants requests, processed at once in the history of the PDA.***

The contracts department continued to improve the grant/subcontract award process. Currently, the system allows for a team effort in the form of ***an “assembly line” that keeps pace with the large volume of work*** generated by the implementation phase of the PDA program. The system records in a sole format a series of steps which maximize compliance with applicable requirements as established by the FAR, AIDAR, PDA Contract, Chemonics' internal policies and the PDA Program model. The format

includes the determination of responsibility (technical, financial, and environmental), financial review, competition requirements, local procurement requirements, etc. This enables the contracts team to accomplish one last thorough review before the award.

In addition to the standard pre award requirements, the format allows the department to conduct due diligence to satisfy the PDA program model. Three of the basic requirements of the program model are: the execution of the Convenio Marco by the community and Devida; identification of the prioritized infrastructure/productive project benefits in the Convenio Marco; and compliance with the voluntary eradication commitment. The award process allows the contracts department to ensure that these basic requirements are met, or can be remedied, before the award is prepared for signature. A checklist capturing the result of the audit is then added to the file.

The contracts department also accomplished the task of awarding the remainder of the technical assistance subcontracts in response to the private sector strategy-where the aim is to generate a more sustainable link between producers and buyers. This task was complemented by a post award meeting with each subcontractor to familiarize them with the administrative details of the subcontract.

In addition, the department worked with the infrastructure area to generate a ***new type of contract to procure design and supervision services***. The new template has a base subcontract for the design of the construction and an option that can be exercised by PDA for the supervision of the construction. The advantage of this new format is that by allowing the designer to do the supervision work, the subcontractor assumes the responsibility for the technical specifications, and based on its familiarity with the design, it is the most suitable party to correct mistakes if any should arise. This new format also allows PDA to reduce the bidding process from two bids to one and at the same time gives Chemonics the freedom to subcontract with a third party, should the performance of the base period be unsatisfactory.

A2. Human Resources/Personnel/Training Activities

The following is a list summarizing the most significant information related to personnel in this quarter:

- In early January, we officially started the implementation of decentralized hiring of personnel. On a 3-month pilot run, Regional Managers and their administrative staff did all the regional personnel hiring, modifications, competition and qualification process. The feedback and results were so impressive, that permanent authority to continue the process was given.
- Several long-term staff competition processes were completed for Infrastructure and Economic Service Centers in the Satellite Offices. This process will continue in the next couple of months as we are trying to staff up our CSE group.
- There was a net reduction of 86 short term personnel in the Satellite Offices, mostly from the “facilitadores”, “extensionistas”, and PETT group.

- David Valenzuela, a US citizen who arrived in Lima on March 13th, became the project's new Chief of Party (COP).
- In an effort to start the knowledge transfer process to Peruvian nationals, the Finance & Administration office organized a 7 day (approximately 20 hours) workshop and training on topics such as: US Government contracting, USAID, types of contracts, risks and opportunity, indirect costs, cost accounting, NICRA, FAR, ADS, Allowances, Chemonics structure, processes, procedures, finances, and budgets, etc. The training was attended by 14 people from both PDA and PRA.
- On February 8th, the contracts and finance departments conducted a post award conference/workshop in Tingo Maria. Approximately 30 new grantees received training on grants contractual and financial administration. The grantees had an opportunity to review in detail all the sections of the grant agreement and were explained all the regulations governing the award.

B. Financial Report

In this section of the report, we are including a table detailing expenditures for the 1st quarter of 2005, the accumulated totals, and approximate projections for the next two quarters. It is important to note that the last three columns are based on projections and are subject to change due to circumstances that may impede activity execution in the target areas. To date, the obligated amount for the contract is US\$43,775,000.

As detailed in the projections below, it is anticipated that major expenditures will take place during the next six months. The concentration of Infrastructure and Productive Project activities pushed back after the “concertación” process are the bulk of these projections.

Total Expenditures this reporting quarter:	US\$8.485.754
Accumulated expenditures as of March 31:	US\$29.984.801*

* March is a projected number based on costs incurred directly in Peru and estimates of Washington DC paid costs and indirect expenses.

Participatory Alternative Development Program (PDA)
Chemonics International Inc.
Contract Number 527-C-00-03-00043-00

DESCRIPTION	Expenditures					Projections		Total
	From April to June/04	From July to September/04	From October to December/04	From January to March /05	Accumulated	From April to June/05	From July to September/05	
CLIN 1: Start up Activities	\$48,732	\$1,449	\$3,282		\$53,462			\$53,462
CLIN 2: Auto-eradication	\$1,761,945	\$5,695,640	\$7,940,769	\$6,750,165	\$22,148,519	\$14,361,125	\$13,591,285	\$50,100,930
CLIN 3: Willingness to Reject Coca Increased	\$435,601	\$934,571	\$1,630,520	\$689,914	\$3,690,606	\$983,253	\$1,032,220	\$5,706,080
CLIN 4: Situational Response	\$120,256	\$248,646	\$268,385	\$178,787	\$816,073	\$253,490	\$242,670	\$1,312,233
CLIN 5: Performance Monitoring	\$390,490	\$884,358	\$1,134,404	\$866,889	\$3,276,140	\$742,593	\$778,546	\$4,797,279
TOTAL	\$2,757,023	\$7,764,664	\$10,977,360	\$8,485,754	\$29,984,801	\$16,340,462	\$15,644,721	\$61,969,984